# Annual report for the year 2024

# JOINT-STOCK COMPANY "PRAVEX BANK"

# Contents

## MANAGEMENT REPORT "PRAVEX BANK" JSC 2024



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# MANAGEMENT REPORT "PRAVEX BANK" JSC 2024

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## 1. ADDRESS OF THE CHAIRMAN OF THE SUPERVISORY BOARD

**Dear Shareholders and Esteemed Stakeholders,**

As we reflect on the year 2024, I extend my deepest gratitude to our shareholders, clients, employees, and partners for their unwavering trust and commitment to PRAVEX BANK, a proud member of the Intesa Sanpaolo Group. The past year has been marked by unprecedented challenges, particularly due to the ongoing state of war in Ukraine. Despite these hardships, our dedication to financial stability, corporate governance, and value creation has remained unwavering.

Throughout 2024, we prioritized ensuring the integrity and effectiveness of our supervisory activities, safeguarding the interests of our stakeholders, and maintaining the resilience of our financial institution. PRAVEX BANK, in collaboration with Intesa Sanpaolo Group, has upheld the highest ethical and professional standards while adapting to the changing economic environment with agility and foresight.

Looking ahead to 2025, we reaffirm our commitment to strengthening our financial oversight mechanisms, enhancing regulatory frameworks, and contributing meaningfully to Ukraine's economic stability and development. The Supervisory Board, in close collaboration with the Management Board, remains dedicated to guiding the Bank toward sustained growth, regulatory compliance, and operational excellence, even in these uncertain times.

As we navigate the coming year, we will continue fostering transparency, ensuring financial soundness, and maintaining the trust of all our stakeholders. Together, with the support of Intesa Sanpaolo Group, we remain steadfast in our mission to build a resilient, well-regulated, and forward-looking financial institution that stands in solidarity with Ukraine.

Thank you for your continued support and confidence in PRAVEX BANK. I look forward to a year of progress and shared achievements in 2025.

***Silvio Pedrazzi***

## 2. ADDRESS OF THE CHAIRMAN OF THE MANAGEMENT BOARD

**Dear ladies and gentlemen,**

I sincerely thank each of you for your trust, dedication, professionalism, and participation in important initiatives, which made 2024 a remarkable year for the Bank.

Despite the challenges of a full-scale ongoing war, the Bank continued to operate as a universal Banking institution, with a focus on improving efficiency, ensuring business continuity, increasing transactional business and developing digital channels. PRAVEX BANK invested in business continuity and equipped a significant part of the Bank's branches with hybrid energy-saving equipment, following the recommendations of the regulator and with the aim of strengthening the national power Banking network. To support the country's energy sector and ensure energy independence of businesses and households, the Bank has developed and implemented profitable energy lending programs. The continued advancement of online services, particularly tailored for business clients, played a pivotal role in both retaining existing customers and attracting new ones. This strategic development significantly contributed to maintaining an elevated standard of customer service and enhancing overall satisfaction levels. The Bank significantly increased its retail portfolio of hryvnia deposits (+29% in accordance with management accounting data), and fee and commission income in both retail and corporate segments increased. The Bank continued to provide moderate lending to both individuals and legal entities as an element of support for the country's economy, while the quality of the loan portfolio remained at a consistently high level.

The Bank was awarded prestigious financial and ESG awards, a testament to our leadership and reliability even in a challenging economic environment. Particularly important is the UN Global Compact in Ukraine award for Partnership for Sustainable Development 2024 for the Financial Literacy Ambassadors project. Participation in this project helps children, adolescents, and students develop financial education and make responsible financial decisions, which is an essential contribution to the future of our country.

I would also like to note the Bank's active participation in the Corporate Donor Day. This project has become not only regular but also special for each of us. Over the past two years, more than 180 employees of the Bank have donated more than 90 liters of blood. This initiative is an example of our care for society and our contribution to saving lives.

In 2024, we celebrated the 32nd anniversary of PRAVEX BANK. I am thankful to our colleagues who, together with the Bank, follow the path of development and innovation and serve our clients and partners in different cities of Ukraine every day. You are the driving force that helps the Bank become stronger, more successful, and closer to each client.

Together we are creating a future where PRAVEX BANK remains a reliable partner for customers and a responsible company for society. I am proud to work with you and thank you all for your joint efforts in achieving the goal that is important for everyone - a victory for peace and prosperity.

***Gianluca Corrias***

## 3. INFORMATION ON DEVELOPMENT AND PROBABLE PROSPECTS FOR FURTHER DEVELOPMENT

### 3.1. The nature of the business

***Description of the external environment in which the Bank operates***

The Bank's operates in Ukraine, whose economy is classified as a developing country.

In 2024, Ukraine's economy continued to recover, driven by robust domestic consumer demand. Economic growth was also driven by significant public capital expenditures, particularly in the defense industry, as well as by increased exports and the stable operation of seaports and expanded production in metallurgy and mining.

Ukraine is adapting to threats and investing in strengthening its defense capabilities, which is reflected in the growth of domestic production of military products.

The energy terror of the russian federation restrained the activities of enterprises in the fourth quarter 2024, but did not stop the growth of their production and revenues. The economic recovery continues despite the destruction of the energy sector. However, the state budget deficit, the current account deficit (excluding grants), and the public and gross external debt remain high. A significant foreign trade deficit persists due to persistently stronger import demand and slow recovery of export capacities.

International support for Ukraine remains significant. In 2024, the state budget received USD 41.7 billion in external financing. Grants provided on non-refundable terms amounted to about USD 12.6 billion. At the same time, Ukraine received all loans on preferential terms. An important achievement is the attraction of the first tranche of funds in 2024, which will be secured by future revenues from the frozen assets of the russian federation.

The stable operation of the sea corridor eased logistical constraints and helped boost exports. However, due to the ongoing war, the growth of export potential is very slow.

The NBU estimates that Ukraine's real GDP grew by 3.4% in 2024. The pace of economic growth also slowed compared to 2023. This was due to poorer harvests, slightly weaker external demand, the realization of the risks of increased hostilities, intensified Russian air attacks, and the resulting electricity shortages.

Personal income is growing due to further wage increases at enterprises. Real income growth is somewhat restrained by accelerating inflation. Significant regional and skill imbalances in the labor market persist, but unemployment is gradually declining. The need for workers is growing as the economy recovers. At the same time, the labor supply does not fully meet business needs.

Consumer price growth in the first quarter of 2024 decelerated sharply, from 5.1% to 3.2% yoy in March, due to the effects of a consistent monetary policy, namely a controlled FX market, an increase in supply of certain food products, and less pressure from raw material and energy costs. In the second quarter of 2024, inflation was expected to increase and approach 5%, driven by significant pressure from business costs amid electricity shortages and labor shortages, the effect of revised administrative tariffs and excise taxes, and the negative impact of the summer drought on this year's crops. Starting from the third quarter of 2024 and in the last months of the year, consumer inflation accelerated and by the end of the year amounted to 12.0% yoy

In 2024, Ukraine's international reserves increased by 8% or to USD 43.8 billion due to financial support from partners.

In 2024, Banks' contribution to supporting the country's economic growth increased. Banks maintain high liquidity ratios. The available stock of highly liquid assets and stable inflows of funding from customers enable Banks to increase their loan portfolios and investments in domestic government bonds to finance the budget.

The Banking system has successfully transitioned to a new capital structure and maintained almost a double margin of capital adequacy ratios above the minimum requirements.

Since October, reserve requirements have increased by 5 pp for all types of funding, except for hryvnia deposits of households with a maturity of more than three months, for which reserve requirements remain zero.

Customer accounts remain the main source of funding for Banks, accounting for 92% of liabilities as of Q3 2024. In the second half of the year, the growth of hryvnia customer accounts continued, although it slowed down significantly.

Net hryvnia loans to businesses grew by 22%, providing financing to key sectors of the economy. The largest recipients of loans were agriculture and trade, which together account for about a quarter of GDP. Lending in foreign currency continues to be in short supply. Therefore, the foreign currency loan portfolio is shrinking, despite the currency effect of its revaluation due to the hryvnia depreciation during the year. Since the beginning of the full-scale invasion, the volume of foreign currency loans has decreased by one third.

Given the good quality of their loan portfolios and the few default events, Banks have little need to increase provisions.

The Banking system maintained high profitability despite the repeated increase in corporate taxation. Profitability remains driven by high net interest margins, which Banks have maintained despite a prolonged cycle of declining interest rates. The high interest margin, growth in fee and commission income, and trading income offset a significant increase in operating expenses without deteriorating operating efficiency. Thus, the Banking system continues to generate profits, for 2024, they amounted to UAH 103.7 billion.

Since the beginning of 2024, international rating agencies have affirmed and revised Ukraine's rating at the following levels due to the ongoing war with Russia:

- On December 06, 2024, Fitch Ratings affirmed Ukraine's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'Restricted Default' (RD). Fitch does not normally assign outlooks to sovereigns rated 'CCC+' or lower. Citing expectations that Ukraine is continuing the process of restructuring its external commercial debt, however, following the successful completion of the Eurobond exchange in September 2024, the government ordered a temporary suspension of payments on the external commercial loan, Ukrenergo's sovereign-guaranteed Eurobonds and GDP guarantees.
- On August 30, 2024, Standard & Poor's affirmed Ukraine's long-term and short-term foreign currency sovereign credit ratings at 'SD/SD' (selective default) and long-term and short-term local currency sovereign credit ratings at 'CCC+/C'. The outlook on the long-term local currency rating remains stable. At the same time, Fitch Ratings has downgraded the ratings of certain Eurobond issues from 'CC' to 'D' (default). It cited expectations of further debt restructuring, including of securities with a GDP-linked rating.
- On January 23, 2024, Rating and Investment Information affirmed Ukraine's long-term foreign currency sovereign rating at 'CCC' with a possible downgrade outlook.

The war, which has been going on for 3 years, has resulted in significant human losses, significant population displacement, infrastructure damage, power outages and significant disruption of economic activity in Ukraine as a whole. It has also had a negative and lasting impact on the political and business environment in Ukraine, namely through increased inflation, devaluation of the hryvnia, increased tax burden, destruction of energy infrastructure, increased tariffs, low level of labor market recovery, significant changes in the NBU's monetary policy and the ability of many businesses to continue their operations as usual.

***Ensuring business continuity***

The Bank was forced to ensure continuous operations in the context of a prolonged war and to focus its efforts on maintaining the status of a reliable and solvent Bank, and took the following measures to do so:

- increased the Bank's capital through additional contributions from the Parent Company, which will strengthen the ability to withstand the risks faced by the Bank in the war;
- continued to focus on managing liquidity and ensuring that it remains at a sufficiently high level;
- actively worked on attracting customer funds, including with a focus on long-term placement of resources, which ensured the maintenance of a stable resource base and high level of liquidity;
- invested free funds in NBU certificates of deposit and government bonds to avoid liquidity risks and at the same time ensure stable risk-free interest income;
- conducted restrained and selective lending to clients, focusing on the client's profile, profitability and the direct impact on regulatory capital through risky assets;
- worked to improve the Bank's operational efficiency by implementing measures to optimize administrative costs, increase business profitability by revising the minimum margin by product and focusing on transactional business;
- restructured corporate clients' credit indebtedness;

- focused on managing the level of asset quality, taking into account the needs of customers and special circumstances in a way that minimizes losses and non-performing assets (NPLs);
- continued digitalization of the product line and improved the level of online customer service;
- worked to reduce and optimize operating and administrative expenses, including by reviewing the cost structure in line with the Bank's current needs.

***Business processes of the Bank under martial law: simplification, optimization and development; ensuring the functioning of critical business processes***

In the third year of the full-scale invasion, the Bank continues to actively work on developing innovative projects, launching new solutions and improving products. Some of them are driven by regulatory requirements, while others are aimed at improving customer service, enhancing digital Banking, and developing new channels for attracting customers.

In terms of optimization and development of business processes and products, the Bank's main areas of work in 2024 were:

- improving and expanding the functionality of Internet Banking systems (PRAVEX ONLINE for individuals and private entrepreneurs and PRAVEXBANK BIZ for legal entities), in particular:
    - remote establishment of business relations and opening of accounts for business activities with clients who are private entrepreneurs;
    - development of other services for private entrepreneurs in the PRAVEX ONLINE application: opening a corporate card, opening a time deposit, generating QR code with account details,
- for legal entities and private entrepreneurs in the PRAVEXBANK BIZ Internet Banking system was implemented in particular:
    - a service for automatically revoking payment instructions from customers,
    - the process of transferring and displaying statuses when processing payment instructions in the EPS
    - new XML format of SWIFT messages
    - automatic debiting of funds from the client's account when closing a credit line
    - support for a new type of account called "Cash Cover" and others.
- implementation of remote submission of documents for opening an account for a legal entity via the Bank's website with semi-automatic filling of the AML (Anti Money Laundering) questionnaire and signing of documents with an electronic signature;
- the "payroll module" was finalized, which made it possible to send salaries to the IBANs of employees of clients opened not only in PRAVEX BANK, but also in other Banks;
- organizing the possibility of signing contracts for individuals remotely using digital signatures;
- process improvement - remote customer identification/verification and remote opening of card accounts using modern identification methods (Diia, liveness detection method) for individuals;
- purchase of foreign currency and placement of funds on deposit;
- limit management;
- regular replenishment of deposits;
- sending SWIFT transfers;
- registration of insurance products in a mobile application;
- simplifying the procedure for issuing loans by simplifying and implementing a universal loan agreement for individuals;
- changes and developments related to mandatory requirements of martial law, the NBU, the Pension Fund, legislation and parent company requirements;
- bringing all the Bank's processes in line with the requirements of the NBU and other government authorities and reducing the risk of non-compliance by implementing additional controls.
- significantly improved the process of crediting foreign currency payments for legal entities.

Despite the challenges of a full-scale prolonged war, the Bank continued to operate as a universal Banking institution, and providing 24/7 customer support has been and remains a priority since the first day of the large-scale invasion, which is a key factor in retaining customers in the Bank.

The uninterrupted operation of online services is ensured on a daily basis for both individuals and legal entities. If customers move to other regions of Ukraine, they can be served at the highest level in each branch.

In 2024, PRAVEX Bank invested in business continuity and equipped a significant part of the Bank's network branches with hybrid energy-saving equipment, following the recommendations of the regulator and in order to strengthen the national Power Banking network, in addition to the generators and wireless communication devices (StarLink terminals) purchased a year earlier. Thus, as of the end of 2024, 28 branches or 67% of the Bank's network were part of the Power Banking network - these branches can operate during power outages, so any client of any Bank can receive basic services in designated Bank branches.

***Supporting the activities of the regional network***

Ensuring the continuity of the Bank's regional network remained a priority in 2024 and included the following measures:

- Regular analysis of the security situation in the regions and decision-making on whether or not to open branches;
- Instant communication for rapid situation analysis and decision-making;
- Ensuring the work of the branches with personnel;
- Ensuring network operation during outages;
- Ensuring timely collection of branches, optimization of cash desk limits;
- Prompt response to changes in regulatory policy and restrictions imposed by the NBU (cash withdrawals, limits on P2P transfers, etc.);
- The safety of employees has been a priority in decision-making since the first day of the war and throughout 2024, and it is still a priority today;

***Business support in the face of declining business activity***

At the same time, the Bank is taking measures to support its customers 24/7 in the context of the martial law extension:

- 24/7 communication with customers to resolve all customer queries;
- uninterrupted customer service in branches of any region (any branch Banking principle - the client receives absolutely full services in any branch of the network);
- the Bank's ATM network was updated, with uninterrupted operation ensured 24/7, as well as their timely reinforcement;
- digitalization of basic services and services, including the eVidnovlennia card,
- extending the validity and operation of payment cards;
- transition to the production of payment cards exclusively from recycled plastic;
- contactless cash withdrawal services at ATMs and POS terminals in branches;
- cost optimization in the card business;
- joining the national project "National Cashback";
- the uninterrupted functioning of the Bank's remote customer service systems (PRAVEXBANK BIZ and PRAVEX ONLINE) was ensured;
- the possibility for legal entities and private entrepreneurs to remotely perform scheduled data updating using the QES was introduced;
- the possibility of submitting documents for establishing business relations and opening an account for a legal entity online was introduced;
- the opening of time deposits and corporate cards for private entrepreneurs online in the PRAVEX ONLINE mobile application was implemented;
- the Bank continued to finance clients under the state program "5-7-9" and also introduced its own business support programs in the energy sector, which provide an opportunity to obtain financing for both current operations and the purchase of energy equipment on favorable terms;
- The Bank has joined the Memorandum on Bank Lending for Energy Infrastructure Rehabilitation Projects and has developed special pricing conditions for loans that fall under the criteria associated with this Memorandum.

***Information on managers and officials, presence of structural units***

The Bank's organizational structure as at 31.12.2024 consists of the following 1st level structural units:

- Internal Audit Department

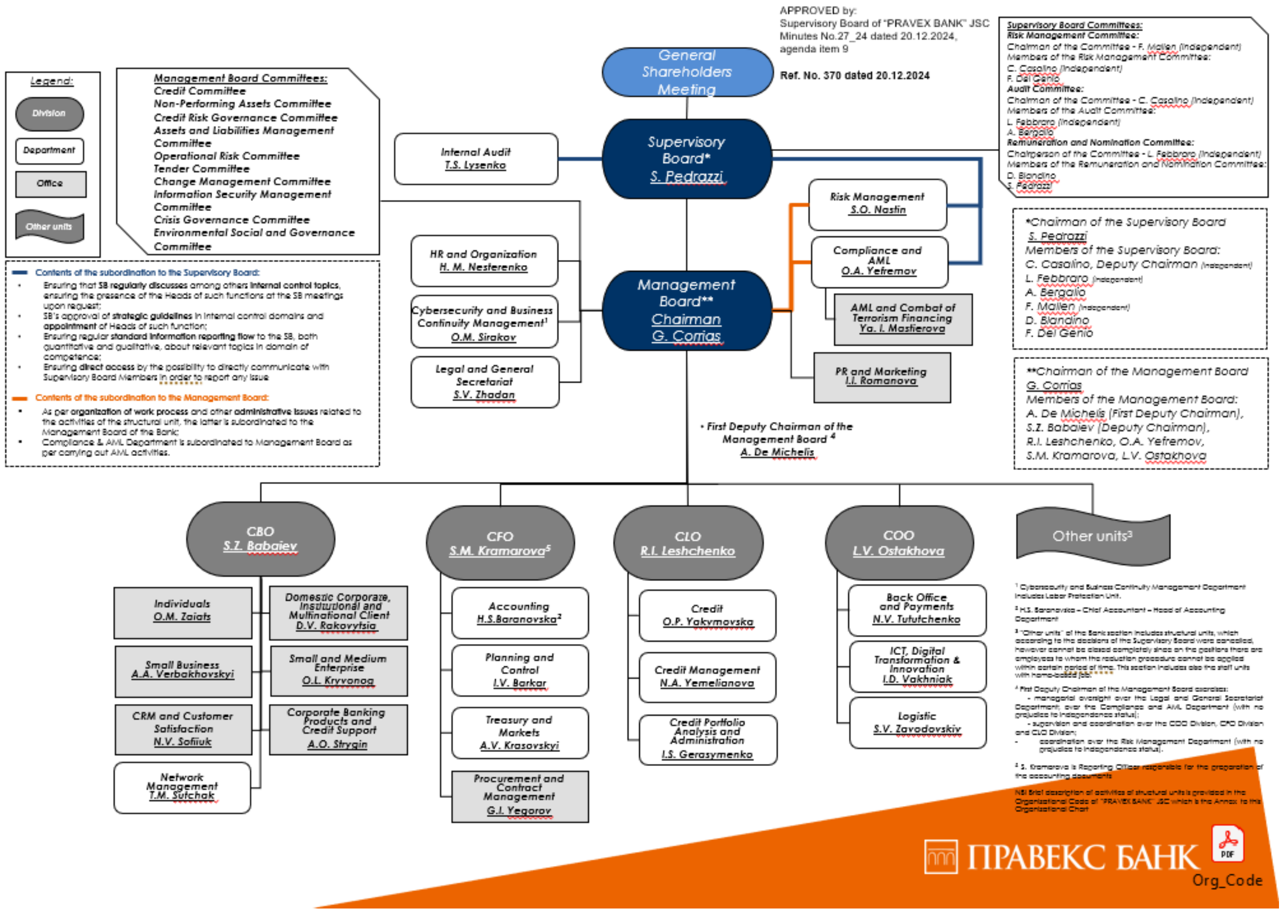
- Risk Management Department
- Compliance and AML Department
- HR and Organization Department
- Legal and General Secretariat Department
- Cybersecurity and Business Continuity Management Department
- PR and Marketing Office
- CBO Division
- CFO Division
- CLO Division
- COO Division

In 2024, the changes in the organizational structure were approved by the Supervisory Board, among other things:

1. Minutes of the Supervisory Board No. 8_24 dated 26.03.2024, item 3 of the Agenda (approved changes came into force on 01.04.2024);
2. Minutes of the Supervisory Board No. 14_24 dated 20.06.2024, agenda item 13 (approved changes came into force on 01.07.2024);
3. Minutes of the Supervisory Board No. 19_24 dated 30.09.2024, agenda item 8 (approved changes came into force on 01.10.2024).

In accordance with the Ukrainian law, the Bank's officers are the Members of the Supervisory Board, Members of the Management Board, Chief Accountant, Head of the Internal Audit Department, Head of the Planning and Control Department of the CFO Division, and the Corporate Secretary. The Bank does not have any other officers.

A schematic representation of the organizational structure as of 31.12.2024 with divisions, departments, offices and their heads is shown below.



***Disclosure of information on the presence of branches or other separate operating structural units***

| | Branch name | Address. |
|---|---|---|
| | **Kyiv** | |
| 1 | Vynohradivske branch | 15/1 Svobody Ave, Kyiv, 04215 |
| 2 | Demiivka branch | 48, Holosiivskyi ave, Kyiv, 03039 |
| 3 | Desnianskyi branch | 8 Chervona Kalynya Ave, Kyiv, 02217 |
| 4 | Zaliznichne branch | 9/13, Chokolovsky Blvd, Kyiv, 03186 |
| 5 | Industrialne branch | 120 Saksaganskogo St., Kyiv, 01032 |
| 6 | Instytutske branch | 27/6 Instytutska St., Kyiv, 01021 |
| 7 | Livoberezhne branch | 18, Hetman Pavlo Polubotka St., Kyiv, 02100 |
| 8 | Lukianivke branch | 7, Sichovykh Striltsiv Str., Kyiv, 04053 |
| 9 | Lybidske branch | 155 Antonovycha St., Kyiv, 03150 |
| 10 | Obolonske branch | 21 Levka Lukyanenko St., Bldg. 4, Kyiv, 04205 |
| 11 | Osokorkivske branch | 4 Knyazhyi Zaton str. Kyiv, 02095 |
| 12 | Saksaganske branch | 40/10 Shota Rustaveli str. Kyiv, 01023 |
| 12.1 | Remote customer service point | 27, A. Malyshko str., Pluty village, Obukhiv district, Kyiv region, 08720 |
| 13 | Podilske branch | 32 Verkhniy Val St., Kyiv, 04071 |
| 14 | Polytechnichne branch | 28/1 Beresteysky ave., Kyiv, 03055 |
| 15 | Novopecherske branch | 3, A. Verkhoglyada St., Kyiv, 01103 |
| 16 | Sviatoshynske branch | 75/2 Beresteysky ave. / Kulibina str., Kyiv, 03062 |
| 17 | Family Banking | 10/2 Mechnikova St. Kyiv, 01133 |
| 18 | Stolychne Branch | 9/2 Klovskyi Uzviz, Kyiv, 01021 |
| 19 | Teatralne branch | 24-A, Yevhenia Chykalenko Str., Kyiv, 01004 |
| | **Vinnytsia region** | |
| 20 | Vinnytska Regional Directorate | 12-A, Arkhitektora Artynova St., Vinnytsia, 21050 |
| | **Volyn region** | |
| 21 | Volynska Regional Directorate | 21 Voly Avenue, Lutsk, 43025 |
| | **Dnipropetrovska oblast** | |
| 22 | Dniprovska Regional Directorate | 59, Shevchenko str., Dnipro, 49020 |
| 23 | Kryvorizke branch | 38a Gagarina Ave, Kryvyi Rih, 50027 |
| | **Zhytomyr region** | |
| 24 | Zhytomyrska Regional Directorate | 79 Kyivska St., Zhytomyr, 10001 |
| | **Zakarpattia region** | |
| 25 | Zakarpatska Regional Directorate" | 2 Kyivska naberezhna str., Uzhhorod, 88000 |
| | **Ivano-Frankivsk region** | |
| 26 | Ivano-Frankivska Regional Directorate | 48, Sichovykh Striltsiv Str., Ivano-Frankivsk, 76018 |
| | **Kirovohrad region** | |
| 27 | Kropyvnytska Regional Directorate | 3, Shevchenko St., Kropyvnytskyi, 25006 |
| | **Lviv region** | |
| 28 | Lvivska Regional Directorate | 15 Valova St., Lviv, 79008 |
| | **Odesa region** | |
| 29 | Odeska Regional Directorate | 77 Pushkinska St., Odesa, 65012 |
| | **Poltava region** | |
| 30 | Poltavska Regional Directorate | 12, 1100 - Richecha Poltavy str., Poltava, 36020 |
| 31 | Kremenchutske branch | 4 Halameniuka St., Kremenchuk, 39600 |
| | **Rivne region** | |
| 32 | Rivnenska Regional Directorate | 112 Soborna St., Rivne, 33028 |
| | **Sumy region** | |
| 33 | Sumska Regional Directorate | 5-A Brytanska St., Sumy, 40004 |

| | Branch name | Address. |
|---|---|---|
| | **Ternopil region** | |
| 34 | Ternopilska Regional Directorate | 14 Ruska St., Ternopil, 46000 |
| | **Kharkiv region** | |
| 35 | Kharkivska Regional Directorate" | 17 Sumska St., 19 Sumska St., Kharkiv, 61057 |
| | **Khmelnytskyi region** | |
| 36 | Khmelnytska Regional Directorate | 21 Podilska St., Khmelnytskyi, 29000 |
| | **Cherkasy region** | |
| 37 | Cherkaska Regional Directorate | 4 Lazareva St., Cherkasy, 18000 |
| | **Chernivtsi region** | |
| 38 | Bukovynska Regional Directorate | 1 Ivan Franko St., Chernivtsi, 58002 |
| | **Chernihiv region** | |
| 39 | Chernihivska Regional Directorate | 17 Mira Ave, Chernihiv, 14000 |

***Information on the issuance of shares***

In the reporting period, "PRAVEX BANK" JSC increased the amount of its authorized capital by additional issue of ordinary shares of the existing nominal value at the expense of additional contributions. The relevant decision was made by the Shareholder in accordance with the Decision No. 2/2024 dated 28.03.2024, in particular:

- The number of shares to be placed was 1,896,551,724;
- The total nominal value of the shares to be placed was UAH 1,099,999,999.92 (with a nominal value of UAH 0.58 per share);

Based on the results of the additional issue:

- the number of actually placed shares is 474,251,077 shares
- the total nominal value of the placed shares is UAH 275,065,624.66 (with the nominal value of one share being UAH 0.58);

After the completion of the additional issue, the Bank's authorized capital amounted to UAH 1,254,155,348.64. As of 31.12.2024, the total number of voting shares is 2,162,336,808.

***Brief description of the current business model, main products and services, remuneration received during the reporting period***

The Bank has transparent and favorable service conditions, clear products and a simple mechanism for cooperation.

The main services of the Bank are:

- accepting deposits from legal entities and individuals;
- opening and maintaining current accounts for individuals and legal entities;
- issuing loans to households and business entities;
- professional activities in the capital markets.

The Bank continues to implement the approved strategy, which was chosen to develop a universal Bank, in particular, the current business model of the Bank provides for:

- strengthening management strategies and positions in the corporate market to ensure sustainable growth and development.
- development and implementation of specialized products targeted at specific categories of customers that best meet their needs and requirements.
- active participation in government lending programs for individuals, as well as support for small and medium-sized businesses to stimulate economic development.
- focusing on attracting affluent customers and their families, as well as middle-market customers to strengthen and expand the customer base.
- expanding the involvement of mass segment customers through the involvement of CSP projects and innovative methods of online boarding, including remote involvement.
- increasing the profitability of the Bank's products and growing the volume of transactional business through the implementation of new strategies and efficient business processes.
- further development of online services and products for all categories of customers, active digitalization of processes to improve the efficiency of customer interaction.

- a reasonable increasing in liabilities in both the retail and corporate segments, with a focus on attracting long-term hryvnia deposits.
- reducing operating and commission costs by automating and optimizing business processes and re-pricing Banking services.
- increasing the share of cross-selling by integrating Internet Banking with the CRM system to manage customer relationships more efficiently and increase profitability.

The Bank continuously develops its products and services, focusing on improving the processes of their provision to customers to ensure a high level of satisfaction and meet the requirements of the modern market. The Bank strives to be a reliable business partner and treats its customers responsibly and maintains an ongoing dialog with them and excellent business relations.

### 3.2. Management's goals and strategies for achieving these goals

***Information on priorities of actions to achieve results***

The main priorities and key tasks of the Bank's management for 2024, taking into account the peculiarities of the macroeconomic environment in the country in which the Bank operated, were as follows:

- ensuring the Bank's going concern status;
- maintaining a safe environment for employees and customers;
- ensuring and maintaining liquidity at a sufficiently high level;
- controlling operational risks and their impact on the Bank's activities;
- increasing the Bank's capital and complying with capital ratios in accordance with the new capital structure;
- improving the Bank's operating efficiency and reducing the CIR;
- controlling credit risks and working to improve asset quality management.

***Criteria for measuring success and evaluating achievements***

The Bank has successfully fulfilled all of its priorities, in particular:

- In terms of ensuring continuity of operations, the Bank strengthened its branch network by purchasing and installing additional inverters in case of long-term power outages. The Bank had no technical failures and continued to provide a full range of Banking services to its customers. The Bank continued to comply with regulatory requirements in terms of ensuring uninterrupted customer service within the framework of the national Power Banking network, which includes 28 regular branches out of 39 operating ones.
- Maintained liquidity at a sufficiently high level. Thus, all the Bank's liquidity ratios exceeded the thresholds set by the NBU by a significant margin: the all-currency liquidity coverage ratio (LCR) - by 131.1 pp, the foreign currency liquidity coverage ratio (LCR) - by 8.0 times, and the net stable funding ratio (NSFR) - by 44.7 pp.
- Operational risk limits were complied with within the established values. There was no violation of risk appetite (RAF).
- Increased capital through additional contributions from the shareholder in the amount of UAH 1.1 billion, which strengthened the ability to withstand the risks to which the Bank and its customers are exposed in the context of a full-scale invasion. The Bank has successfully transitioned to a new capital structure and has a sufficient margin of capital adequacy ratios above the minimum requirements set by the NBU. Thus, the actual value of the regulatory capital adequacy ratio was 38.80%, and the Tier 1 capital adequacy ratio was 38.77%.
- In accordance with the management accounting reduction of the Bank's operating loss (before provisions) in 2024 to UAH 232 million, which is UAH 61 million or 21% less compared to the operating loss in 2023 (UAH 292 million). As a result, the cost-to-income ratio has significantly improved.
- Monitoring the quality of the loan portfolio by using an early warning system, actively negotiating with customers and restructuring loans. As a result of the effectively chosen policy and strategy for dealing with non-performing loans and its successful implementation, the Bank ensured a very high quality of the loan portfolio (one of the best in the Banking system of Ukraine, as of 01.01.2025, the share of NPL amounted to 30.3% - determined in accordance with the rules of NBU Resolution No. 351). The level of NPL (non-performing loans, calculated in accordance with the rules of the NBU Resolution No. 351) as of 01.01.2025 amounted to 13.7% of the total loan

portfolio after deduction of provisions, solely due to a decrease in the volume of the performing loan portfolio due to repayment of customer debts. However, the absolute amount of NPL in UAH equivalent increased slightly by UAH 3 million or 1% compared to December 2023, solely due to further devaluation of the hryvnia, while in nominal terms there was a decrease in all currencies (hryvnia by 20%, euro by 6% and dollar by 1%).

***Significant changes in goals and achievements during the reporting period***

There were no significant changes in the Bank's goals for 2024 compared to the previous year, and in the reporting period the Bank ensured their fulfillment.

***Disclosure of information on research and development activities***

In the reporting year, the Bank conducted one wave of customer opinion surveys on the level of service in branches and online. According to the survey, 80% of respondents expressed full satisfaction with the Bank's services.

Throughout the entire period of customer feedback research, there has been a stable positive trend, which indicates a high level of service.

The Bank has talked to almost 3,000 customers, most of whom appreciate the service in branches, but also provide a lot of positive feedback on the quality of service in the PRAVEX ONLINE mobile application.

According to the results of the survey, the loyalty index (NPS) increased to 50, and the satisfaction index (CSI) is 9.24 out of 10.

To continuously monitor customer feedback, the Bank also implemented a feedback service in branches - if a customer wants to express his or her opinion/impression during a visit to a branch, he or she scans a QR code and leaves a review. This information is sent to the responsible departments of the Bank, which process the request and provide feedback to the client. In 2024, 100 reviews were received, 90% of which were positive.

### 3.3. Resources, risks and relationships

***Key financial and non-financial resources and their use to achieve goals:***

*Capital structure*

Regulatory capital is one of the most important indicators of the Bank's performance, the main purpose of which is to cover the negative effects of various risks assumed by the Bank in the course of its activities and to ensure the protection of deposits, financial stability and stable operation of Banks.

In order to determine the real amount of regulatory capital taking into account the risks in its activities, the Bank constantly assesses the quality of active Banking operations and determines the amount of credit risk, market risk and operational risk in accordance with the NBU requirements.

In order to improve financial stability, in 2024 the Bank increased its capital by UAH 1.1 billion through additional contributions from the Shareholder.

The Bank's capital is formed for the purpose of:

- cost-effective use of own funds;
- covering all possible types of risks assumed by the Bank;
- optimization of the structure of assets and liabilities by the terms of raising and placing funds.

As of 31 December 2023, in accordance with the NBU requirements, Banks must maintain a regulatory capital adequacy ratio (N2) of at least 10% and a core capital adequacy ratio (N3) of at least 7% in relation to risk-weighted assets calculated in accordance with the NBU regulations.

Based on the results of the NBU's assessment of the banking sector's resilience as at 1 April 2023, the Bank was assigned increased required levels of regulatory capital adequacy ratio (N2) and core capital adequacy ratio (N3), which amount to 33.7% and 30.7%, respectively (for the 0% thresholds until 30 September 2024), and 40.6% and 37.6% (for the thresholds corresponding to the regulatory values until 31 March 2026).

Starting from August 5, 2024, the NBU introduced a new regulatory capital structure, and the relevant requirements were introduced to the regulatory documents to ensure timely and complete transition to the new calculation of regulatory capital and capital adequacy ratios. The Bank's regulatory capital consists of Common Equity Tier 1 (CET1), Additional Tier 1 capital (AT1) and Tier 2 capital (Tier 2). Common equity is considered to be more permanent, non-transferable, nonreallocable and should fully cover current losses. AT1 and Tier 2 are less permanent and subject to change.

As of 31 December 2024, in accordance with the NBU requirements, Banks must maintain a regulatory capital adequacy ratio (Total Capital) of not less than 8.5%, a capital adequacy ratio (Tier 1) of not less than 7.5%, and a common equity tier 1 ratio (CET1) of not less than 5.625% in relation to their total risk exposure calculated in accordance with the NBU regulations.

As at 31 December 2024 and 31 December 2023, the Bank was in compliance with the above ratios:

- as of December 31, 2024, the regulatory capital adequacy ratio (Total Capital) is 38.80% and as of December 31, 2023, the regulatory capital adequacy ratio (N2) is 18.47%;
- as of 31.12.2024, the Tier 1 capital adequacy ratio (Tier 1) is 38.77%;
- as of 31.12.2024, the common equity tier 1 ratio (CET1) is 38.77%;
- as of December 31, 2023, the capital adequacy ratio (N3) is 16.90%.

The amount of regulatory capital as at 31.12.2024 is UAH 1,562,029 thousand (31 December 2023: UAH 676,148 thousand).

The Bank's resources are formed by:

- the Bank's own funds;
- funds of the Bank's customers (legal entities and individuals) held on accounts (deposits) with the Bank, as well as funds raised for a fixed term and on demand.

The Bank constantly maintains its readiness to fulfill its obligations in a timely manner and in full by adjusting its balance sheet structure

*Financial mechanisms, liquidity, cash flows*

The key financial and non-financial resources for achieving the Bank's goals are authorized capital, cash flows, human resources, intellectual capital, and technological resources.

In general, despite the difficult operating environment and ongoing challenges in 2024, the Bank was able to ensure that it maintained a sufficient level of liquidity and solvency.

In addition, in order to improve financial stability, the Bank increased its capital by UAH 1.1 billion in 2024 through additional contributions from the Shareholder.

The strategic decision of the Parent Company had a significant positive impact on the Bank's capital ratios, maintaining liquidity, financial stability and reliability of the institution for all stakeholders.

And it also strengthens the ability to withstand the risks to which the Bank and its clients are exposed in the event of a full-scale invasion.

In 2024, the Bank's liquidity increased mainly due to an increase in capital, but a positive impact is observed from attracting term funds from individuals, which allow investing in more profitable instruments. Additionally, the Bank invested in benchmark domestic government bonds, which allow it to cover part of the required reserves (benchmark government bonds) and thus use part of its free liquidity to generate additional income.

Excess liquidity in the national currency (hryvnia) was largely utilized by purchasing NBU certificates of deposit (CDs). As of December 31, 2024, the NBU's portfolio of CDs amounted to UAH 3.05 billion, including the portfolio of CDs with maturity up to 3 months - UAH 1.2 billion (as of December 31, 2023 - UAH 3.6 billion, including the portfolio of CDs with maturity up to 3 months - UAH 1 billion).

The portfolio of domestic government bonds increased significantly due to investments in benchmark government bonds as well as other government bonds and as of December 31, 2024, this portfolio amounted to UAH 2.2 billion (as of December 31, 2023, the portfolio of domestic government bonds amounted to UAH 0.2 billion).

In terms of foreign currency, in addition to maintaining balances on correspondent accounts, Intesa Sanpaolo placed interbank deposits and purchased securities denominated in foreign currencies (US Treasuries and European government securities).

In particular, as of December 31, 2024, the portfolio of securities in USD amounted to USD 30 million and in EUR amounted to EUR 10 million (as of December 31, 2023, the portfolio of securities in foreign currencies amounted to USD 10 million and EUR 10 million). Such an increase in foreign currency securities portfolios had a positive impact on the regulatory indicators for measuring liquidity risk, as a sufficiently large stock of high-quality liquid assets was formed.

*Technological resources*

In 2024, PRAVEX BANK's activities in the field of information technology were driven by both the extension of martial law in Ukraine and the simultaneous implementation of measures aimed at optimizing/improving the cost structure associated with IT management processes.

In 2024, the Bank's IT activities were aimed at maintaining and expanding the functionality of application systems, improving customer interaction and service processes, ensuring compliance with new regulatory requirements, IT security requirements, and ensuring the Bank's business continuity.

The following projects were implemented in the field of application systems:

- revision of the Bank's core systems to enable the transition to the new ISO 20022 standard for SWIFT payments;
- preparing the Bank's systems for the implementation of the "Instant Payments" concept based on the NBU's electronic payment system (SEP 4.1);
- implementation of the CRS project (Common Standard on Reporting and Due Diligence for Financial Account Information), an international standard for the automatic exchange of information on financial accounts for tax purposes;
- creation of a repository for partial electronic storage of the Bank's daily documents, which allows both to gradually optimize the costs of storing paper copies of documents and to comply with the global principles of sustainable development (ESG).

In 2024, the Bank paid due attention to the technical infrastructure based on the need to comply with regulatory requirements and ensure business continuity under martial law. Work was carried out to modernize the telecommunications equipment in the Bank's data centers and branches due to the expiration of the warranty period. Software licensing was brought in line with the requirements of the NBU, Microsoft's licensing policy and Intesa Sanpaolo Group's IT security policy. To ensure the continuity of the Bank's operations in future periods, preparatory work was carried out to upgrade workstations running on Windows operating systems, which expire in 2025.

Another area of effort was to ensure the autonomy of the Bank's branches and individual critical employees. The Bank, as a member of the national Power Banking network established at the initiative of the NBU, increased the autonomy of the main and backup communication channels in its branches to 8 hours. The initiative to install inverter systems, innovative energy systems that allow for efficient management and optimization of electricity use in the Bank's branches, was an additional factor in this implementation. Critical employees of the Bank were provided with autonomous power sources to ensure independence from external circumstances and support operational activities.

In order to reduce operating expenses, the Bank optimized the number of equipment used by the Bank's network and employees of the Bank's Head Office (laptops and computers); cleared technical and security logs, unused indexes, and archived system data and user e-mails. At the same time, the management and involved departments reviewed the scope of services, evaluated and changed a number of existing processes to reduce the number of licenses used. Flexible service packages were introduced for alternative communication channels (Starlink satellite communications).

***Risk management system, risk management strategy and policy, material types of risks, their changes and mitigation plans***

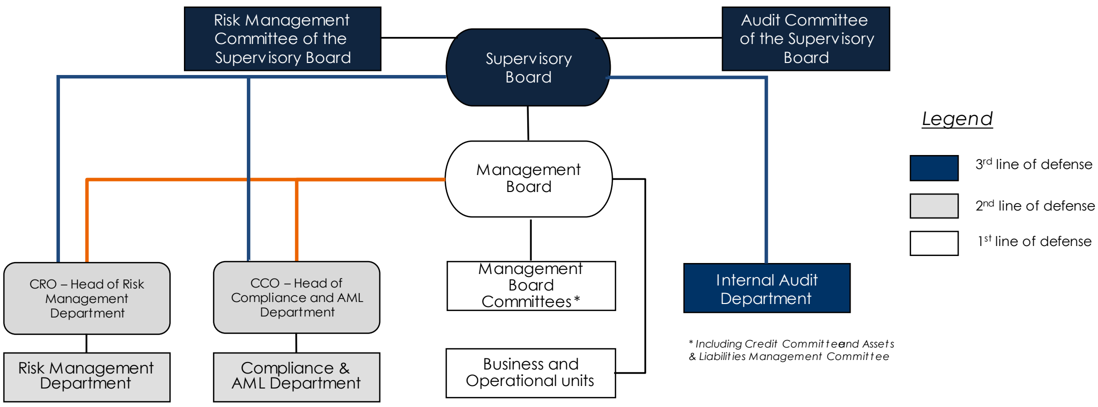
*Risk management system, risk management strategy and policy.*

The Bank manages risks through a risk management system that is comprehensive, adequate and effective. The risk management system was developed taking into account the specifics of the Bank's operations, business model, nature and volume of transactions, risk profile, Ukrainian legislation, regulations and recommendations of the NBU, best practices, internal regulations and instructions of the Parent Company and the Bank.

The risk management system ensures continuous risk analysis in order to achieve an optimal balance between risk appetites, indicators of the business recovery plan, the amount of internal capital, internal liquidity and business strategy, improve the process of making timely and adequate management decisions on emerging risks and their mitigation, reduce losses by controlling the ratio of risk management costs and expenses that may be incurred as a result of such risks, ensure the functioning of the

The risk management system includes the definition of an organizational structure with three lines of defense within separate processes, a system of internal documents on risk management, an information system, and management tools.

The Bank's overall performance is largely dependent on the chosen risk management framework. The organizational structure of the Bank's risk management is presented in the table below:




The Bank's Risk Management Department is a separate structural unit responsible for risk management. The Bank's system of internal documents establishes the principles of the risk management system by defining processes, limits, relevant functions and responsibilities. The documents also specify risk limits and principles of risk acceptance by type of activity, and define the necessary actions in case of exceeding the limits.

The Bank has a risk management system, which consists of the permanent Risk Management Committee of the Supervisory Board and Committees of the Management Board: Credit Committee, Credit Risk Governance Committee, Non-Performing Assets Committee, Assets and Liabilities Management Committee, Operational Risk Committee, Tender Committee, Environmental, Social and Governance Committee, Change Management Committee, Information Security Management Committee and Crisis Goverance Committee. In the process of risk management, the Bank identifies the following material types of risks, including financial risks inherent in its operations: credit risk, liquidity risk, interest rate risk of the Banking book, market risk - and non-financial risks: operational risk and compliance risk.

The purpose of the Bank's risk management process is to limit or minimize risks, since it is impossible to completely avoid risks, but it is possible to adopt an avoidance approach for certain projects/activities. The Bank defines the following risk management objectives: achieving an optimal balance between risk appetite, business recovery plan indicators, internal capital, internal liquidity and business strategy; improving the decision-making process regarding emerging risks and their mitigation; reducing losses by controlling the ratio of risk management costs to the costs that may be incurred as a result of such risks; ensuring the functioning of a continuous and effective risk management process

The risk management process is a set of rules, procedures, human/technological/organizational resources, and control activities aimed at identifying, measuring or assessing, monitoring, controlling, reporting, and managing risks. Risk management is implemented through the following approaches and methods: risk avoidance (rejection of risky projects), acceptance through localization (setting risk appetites and limits to determine the level of acceptability of the risk return trade-off), mitigation through diversification (diversification of activities, distribution of risk over time, distribution of responsibility between participants in the transaction) and compensation (insurance and hedging used for credit risk, interest rate risk of the Banking book and operational risk).

The Bank's risk management process consists of the following stages:

- Identification;
- Measurement and evaluation (methods and tools);

- Monitoring and control;
- Reporting;
- Management.

At each stage, all units of the first, second and third levels of protection have certain responsibilities.

For the current stage of the Bank's development, the most significant financial risks are credit risk, liquidity risk, market risk and interest rate risk of the Banking book, and non-financial risks are operational risk and compliance risk. The Bank's risk management strategy and policies allow the Bank to identify and analyze the above types of risks, set risk appetites and acceptable limits that can be quantified within the approved risk appetite; and to monitor them on an ongoing basis, relying on advanced administrative and information systems. The Bank also recognizes other types of risk that are present in the Bank's activities, but are not material and not major: strategic risk and reputation risk.

The risk management strategy and policy aims to achieve the following objectives:

- Maintaining risk awareness and risk culture;
- Achieving an optimal balance between risk appetite and business strategy;
- Improving the decision-making process regarding emerging risks and their mitigation;
- Reducing losses by controlling the ratio of risk management costs to the costs that may be incurred as a result of such risks;
- Ensuring the functioning of a continuous and effective risk management process.

The risk management strategy and policy provides for the use of the entire range of risk mitigation tools and the use of each specific tool depending on the type of risk.

The main task of the Risk Management Department is to ensure full separation of activities of the divisions selling Banking products and risk management. The Risk Management Department independently analyzes and makes decisions within its competence or proposes them to the relevant collegial decision-making body if its level of authority is exceeded. The Bank is exposed to risks in each area of its business. To minimize the risk, the Bank has implemented a risk assessment and control system that operates in accordance with the Bank's internal regulations, as well as the requirements and recommendations of the NBU, Intesa Sanpaolo Group, internal auditors, the Basel Committee on Banking Supervision and the experience of leading financial institutions.

The Bank performs quarterly stress testing of financial and operational risks to assess potential losses in crisis situations, determine capital adequacy and develop a response system. The Risk Management Department reports on the results of stress testing at the meetings of the Management Board and the Supervisory Board of the Bank. Stress testing is defined by the Bank's relevant documents, namely policies, rules and procedures.

In accordance with NBU Resolution No. 23 dated 25.02.2022, which describes the Rules for the operation of Banks in connection with the introduction of martial law in Ukraine, Banks are required to conduct stress testing of risks starting from the next quarter after the termination or lifting of martial law.

The main categories of risk inherent in the Bank's business are credit and real estate risk (credit risk component), liquidity risk, market risk and currency and commodity risk (market risk components), interest rate risk of the Banking book, operational risk and compliance risk.

*Material types of risks, their changes and mitigation plans*

Despite the ongoing full-scale war and related security risks, which remain a key factor affecting financial stability, macroeconomic conditions were somewhat more favorable for financial institutions compared to the previous period. The Bank, like other financial institutions, continued to provide support to households and businesses

In 2024, economic growth was observed with some volatility in its pace in the last months of the reporting year. However, economic growth has been constrained by increased pressure from the enemy, which has intensified massive terrorist attacks both from the air and at the borders. Although various institutions have already prepared possible security measures or are actively working in this direction, the loss of human capital and the destruction of infrastructure, including energy, as a result of further russian terrorist attacks and hostilities also have negative financial consequences. High levels of risk and uncertainty remain, making it difficult for the financial sector to operate, but the world's leading countries and international organizations have expressed their unwavering intention to continue to provide support as long as necessary. Ukraine is moving towards

European integration, which is reflected in the introduction of significant changes in the Banking sector.

Developed countries overcame high inflation and saw key policy rates decline at the end of 2024. However, for Ukraine, despite a gradual decrease in the key policy rate during the year from 15% to 13%, inflationary pressures prompted the NBU to decide to increase the key policy rate to 13.5%. At the same time, it is expected that in 2025 the NBU discount rate may increase to 15.5%, followed by a further decrease to 13.0% by the end of the year, given the expected inflation rate.

The NBU's key policy rate cut in 2024 affected the yield on highly liquid assets, with the share of income from certificates of deposit decreasing, while the average yield on domestic government bonds increased slightly. In addition, interest income saw an increase in lending income, while the cost of resources decreased in response to the key policy rate cut.

After a pause, lending, particularly in hryvnia, has resumed. Some groups in the corporate segment are also interested in foreign currency loans due to the stabilization of export logistics routes. As for hryvnia lending, Banks are actively participating in government support programs, and demand for "Affordable Loans 5-7-9%" remains high. Also, the improved financial condition of companies has a positive impact on the interest of corporate clients in lending to revive and support their business activities. There is also an increase in demand for unsecured consumer lending in the retail sector, where competition has intensified. As for mortgage lending, it is largely concentrated within the state program "eOselya", although the financial resources of this program are quite limited, but market mortgages have no room for development due to weak consumer interest.

Total credit risk losses did not change significantly. The peak of credit losses due to the full-scale war has passed, so credit demand is somewhat reviving. However, despite the high competition for different customer groups, lending is constrained by moderate Banking standards that have been tightened in the war, but Banks are mostly interested in lending, ready to take moderate credit risks and, in the event of a negative scenario, to ensure effective management of bad debts.

The Banking sector continues to be highly liquid, but the increase in mandatory reserve requirements has had some negative impact. The structure of highly liquid assets (HQLA) in foreign currencies is also changing somewhat, as the NBU continues to gradually align local requirements with European ones in terms of withdrawing correspondent accounts with foreign Banks from HQLA. The changes in the capital structure, which was aligned with the NBU's regulatory requirements, had an impact on the size of the NSFR long-term liquidity ratio, as the capital components became part of ASF and the capital deduction became part of RSF, whereas previously all regulatory capital was part of ASF and the NCR was deducted from RSF.

The vast majority of Banks meet liquidity ratios with a significant margin. Traditionally, almost all customer funds received by Banks remain on current accounts, but following the tightening of mandatory reserve requirements starting in January 2023, the term structure of funding in terms of hryvnia funds is improving due to more attractive yields for customers.

Changes in the required reserves were quite significant, and to cover these costs, Banks were forced to simultaneously increase the attractiveness of hryvnia term funding and work on margins.

| Period | Hryvnia | | | | | Foreign currencies | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Funds at the request of individuals | Time deposits of individuals | | Legal entities and insurance companies | | Funds at the request of individuals | Time deposits of individuals | | Legal entities and insurance companies | |
| | | up to 92 days | from 93 days | on demand | term | | up to 92 days | from 93 days | on demand | term |
| until 10.01.2023 | 0% | 0% | 0% | 0% | 0% | 10% | 10% | 10% | 10% | 10% |
| dated 11.01.2023 | 5% | 0% | 0% | 5% | 0% | 15% | 10% | 10% | 15% | 10% |
| dated 11.02.2023 | 10% | 0% | 0% | 10% | 0% | 20% | 10% | 10% | 20% | 10% |
| dated 11.05.2023 | 20% | 0% | 0% | 10% | 0% | 30% | 10% | 10% | 20% | 10% |
| dated 11.09.2023 | 20% | 20% | 0% | 10% | 10% | 30% | 30% | 10% | 20% | 20% |
| dated 11.10.2024 | 25% | 25% | 0% | 15% | 15% | 35% | 35% | 15% | 25% | 25% |

As a result of the tighter reserve requirements, financial institutions are required to hold significantly more funds on their correspondent accounts with the NBU to meet the reserve requirement. The reserve requirements can be partially met by holding government bonds from a certain list on the balance sheet. Raising reserve requirements does not remove all excess liquidity from the market, but it requires much more effort from Banks to manage funding. In particular, the maturity of deposits across all customer groups has changed, as Banks are forced to introduce more incentives to encourage inflows of term funds by raising deposit rates. However, such measures cannot fully improve the liquidity gap, as customers remain more interested in demand deposits, especially given the current somewhat uncertain situation in the country. Inflationary pressures are also having a negative impact on the ability of households to generate savings, forcing customers (especially in the retail sector) to spend more money.

Funding from different groups of customers is sufficient for the Bank not to consider the need to search for alternative sources, including the possibility of applying to the NBU for a refinancing loan. This instrument remains one of the options in the stress testing scenarios and the business recovery plan, as well as applying for funding from the Parent Company in case of need to obtain funds in foreign currencies.

In terms of foreign currency funding, attracting foreign currency customer funds due to the significant impact of provisioning requirements is becoming less interesting for Banks as they lose the opportunity to earn higher returns on hryvnia investments. Although there has been some interest from the corporate segment in foreign currency loans as early as 2024, the incentives to encourage funding are still largely focused on hryvnia deposits.

The results of the Banking sector's resilience assessment conducted by the NBU in 2023 will remain in effect until the results of the resilience assessment that the NBU plans to conduct in 2025 in accordance with the rules of traditional stress testing, which provides for baseline and adverse macroeconomic scenarios, as was the case before the introduction of martial law. Thus, the requirements based on the results of the 2025 resilience assessment will replace the current ones established as a result of previous resilience assessments.

Based on the results of the NBU's assessment of the Banking sector's stability as of April 1, 2023, the Bank was assigned increased required levels of regulatory capital adequacy (N2) and core capital adequacy (N3), which amount to 33.7% and 30.7%, respectively (for the threshold levels of 0% until September 30, 2024), and 40.6% and 37.6% (for the threshold levels corresponding to the regulatory values until March 31, 2026). At the same time, during 2024, the NBU implemented a full transition to a new three-tier capital structure, which also introduced changes to capital adequacy ratios, in particular, the regulatory capital adequacy ratio (Total Capital) replaces N2, while N3 was canceled and 2 new ratios were introduced: the Tier 1 capital adequacy ratio (Tier 1) and the Tier 1 common equity ratio (CET1). Thus, the requirement for N2 is now replaced by the Total Capital, while the requirement for N3 (the minimum requirement was more than 7%) was canceled and the new standards have the following minimum requirements: for Tier 1 > 7.5% and CET1 > 5.625%.

Compliance with the minimum capital requirements is not sufficient to ensure the resilience of the Banking system, although capital risk remains moderate, primarily due to the substantial safety margin accumulated before the war. Most Banks still hold capital in excess of the minimum requirements. However, this excess buffer is likely to disappear. Some financial institutions are already violating the minimum capital adequacy requirements. The NBU does not impose penalties for violations of capital requirements caused by the war. The regime of regulatory relaxation will continue for a long time, but in 2024, the NBU will tighten capital adequacy requirements. In the future, the requirements for Banks will be transformed in light of changes to Banking legislation. In 2024, the NBU not only transitioned to a new regulatory capital structure, but also introduced changes to risk assessment as part of the capital adequacy calculation, in particular, operational risk is fully included with an annual update of the annual value in April and local market risk requirements are aligned with European standards, and its value is updated on a daily basis. Starting from 2024, capital adequacy ratios will be calculated on a daily basis, and new indicators are expected to be introduced to be included in the aggregate risk exposure, including settlement risk. In the coming years, the NBU also expects to update its regulations on asset weighting by credit risk (SA-CR) and introduce counterparty credit risk measurement (CCR), counterparty credit risk adjustment (CVA), and credit risk mitigation (CRM).

After receiving the results of the resilience assessment, the NBU plans to consider introducing schedules for setting capital buffer requirements.

During 2024, the NBU prepared a report on the internal capital adequacy assessment process (ICAAP), updated the business recovery plan, and prepared reports in the format of statistical reporting files on operational risk, market risk, and interest rate risk of the Banking book, which were postponed due to martial law.

The Bank provided all necessary documents in accordance with the deadlines set by the NBU. As for the statistical reporting files, communication with the NBU and the Banking community was carried out on an ongoing basis to ensure harmonized reporting in accordance with regulatory requirements.

With regard to the results of the ICAAP reports, the NBU analyzed the documents submitted by systemically important Banks, providing general comments and observations for the Banking system as a whole.

In 2025, the NBU is also expected to prepare and submit its first report on the internal liquidity adequacy assessment process (ILAAP), as well as the usual regime for submitting the ICAAP report.

Additionally, the NBU and the Banking system are working towards the introduction of requirements for a leverage ratio that will be calculated on a daily basis, similar to capital adequacy ratios. The minimum values of this ratio will be determined after the end of the test period.

Banks have been able to adapt to the conditions of the ongoing war: branches are resuming operations, and financial institutions are slowly optimizing their network and staff costs. The risks of blackouts remain a challenge for Banks, but projects have already been implemented to ensure continuous services even in the event of a prolonged power outage, and the strengthening of air defense partially reduces the threat of significant damage and prolonged power outages.

During 2024, the key risk remained the external political risk associated with Russia's attack on the territory of Ukraine, which no longer required constant immediate action, as the Bank has been properly prepared over the past 3 years to ensure uninterrupted operations. Nevertheless, some risks remain due to the possibility of additional operating expenses, as well as containment in certain areas and stricter controls. The main risk factors under martial law remain the loss of human resources and material assets due to a full-scale war, as well as the availability of loans and their collateral in regions where active hostilities are taking place. Due to some restraint of real incomes due to accelerating inflation, some customers are forced to reduce savings on Bank accounts due to increased consumption, and certain categories of customers prefer investments in government bonds (mostly military) instead of Bank deposits, which may lead to a reduction in the Bank's funding reserves from individuals.

Financial and operational risk management is overseen by the Risk Management Department; compliance risks and related controls are managed by the Compliance and Anti-Money Laundering Department.

To mitigate the negative impact of financial risks and operational risk on the Bank's operations, the Risk Management Department takes the following actions:

- regularly updates internal documents;
- monitors the level of risk appetite and the limits set by the Bank on a monthly basis and signals the need for an escalation process;
- conducts a stress test at least once a quarter;
- analyzes new products and services in terms of risk impact;
- timely and complete preparation of risk reports for the Bank's corporate bodies in accordance with the frequency and reporting forms established by the relevant internal documents.

With regard to hedging operations, the Bank's Risk Management Strategy and Policy, among other things, states that the risk management approach may be applied as mitigation through compensation, i.e. regulation within the framework of risk management methods through insurance and hedging. However, it is worth noting that the Bank does not currently carry out any risk hedging transactions.

The following paragraphs describe the details of the Bank's management of the principal risks that are determined to be significant in accordance with the NBU requirements, the Bank's internal methodological approaches, or that are observable and can be measured quantitatively and/or qualitatively within the Bank. The Bank considers risk factors for other types of risks to be insignificant.

Taking into account the above risk factors, the Bank has strengthened its risk management system, ensuring proper identification, objective assessment, continuous analysis, monitoring, control and reporting to ensure awareness of all stakeholders and maintaining continuous communication to respond to emerging risks as soon as possible.

Prudential liquidity and capital ratios, as well as open currency position limits calculated in accordance with the NBU regulations, were met by the Bank as of 31.12.2024.

*Credit risk*

Credit risk. Risk factor: overdue debts and accrued outstanding income. The Bank's impact: in 2024, the Bank continues to work with clients to gradually repay bad debts, which reduces the level of existing risk and negative impact on the Bank's ratios, and also returned to regular revaluation of collateral; restrained and selective lending to corporate and retail segments with strict credit risk control is carried out.

*Financial (market) risk*

Currency and commodity risks. Risk factor: dependence on fluctuations in foreign exchange rates and changes in commodity prices (precious metals). The Bank's impact: control over the open currency position, achievement of the maximum possible size of the "closed" position, taking into account the peculiarities of calculations introduced by the NBU in 2022 and the transition to the regime of managed exchange rate flexibility in October 2023. Currently, the calculation of the open currency position to comply with the NBU's approach requires the Bank to maintain a short open currency position on the basis of provisions for customer loans formed after July 2022.

The interest rate risk factor is the dependence on fluctuations in interest rates on financial instruments. The Bank pursues a prudent policy to achieve a balance between assets and liabilities.

Interest rate risk of the Banking book is the possibility of losses or additional losses or shortfall in planned income as a result of the impact of unfavorable changes in interest rates on the Banking book. It refers to the current or anticipated risk to the Bank's capital and income arising from unfavorable changes in interest rates affecting the position of the Banking book. Changes in interest rates affect the present value and timing of future cash flows. This, in turn, changes the underlying value of the Bank's assets, liabilities and off-balance sheet items and, consequently, its economic value (EVE). Changes in interest rates also affect the Bank's income by changing interest-sensitive income and expenses, which affects net interest income (NII).

The objective of interest rate risk management in the Banking book is to keep the Bank's interest rate risk exposure within the parameters set by the Bank within the range of possible changes in interest rates.

To mitigate the impact of interest rates on the Bank's operations, in addition to the actions already identified, the Risk Management Department takes the following actions:

- performs a monthly GAP analysis of interest-bearing assets and liabilities;
- performs monthly analysis of the dynamics of yield curves in major currencies (hryvnia, dollar, euro);
- assesses the interest rate risk of the Banking book on a monthly basis by calculating offsets for:
- economic cost of capital of EVE according to the Parent Company's approach - increase in the yield curve by 100 b.p. (the Bank's value was observed within the established risk appetite (RAF): as of 31.12.2024, the value is EUR -0.39 million, the risk appetite is EUR +1.5 / -4 million; as of 12/31/2023, the value is EUR -0.28 million, the risk appetite is EUR +1.5 / -4 million);
- NII net interest income according to the Parent company approach - negative result for the increase/decrease of the yield curve by 50 b.p. (the Bank's value was observed within the established risk appetite (RAF): as of 31.12.2024, the value is EUR -0.02 million, the risk appetite is < EUR -1 million; as of 12/31/2023, the value is EUR -0.06 million, the risk appetite is < EUR -1 million);
- economic cost of capital EVE according to the NBU approach - maximum negative shift (the Bank's value was observed within the established risk appetite (RAS): as of 31.12.2024, the value is EUR -1.60 million, the risk appetite is < EUR -6 million; as of 31.12.2023, the value is EUR -0.13 million, the risk appetite is < EUR -12 million) - the most significant change was due to the adjustment of the calculation methodology in accordance with the NBU's clarifications:
- NII net interest income according to the NBU approach - maximum negative shift (the Bank's value was observed within the established risk appetite (RAS): as of 31.12.2024, the value is EUR -0.42 million, risk appetite is < EUR -6 million; as of 31.12.2023, the value is EUR -1.49 million, risk appetite is < EUR -10 million)) - the most significant change was due to changes in regulatory requirements, in particular, demand and overnight funds became the most influential, while in the previous version of the NBU requirements they had no impact.
- performs a monthly analysis by maturity and individual currencies (the Bank's values were within the established limits);

- sets the ratio of the quantitative assessment of interest rate risk of the Banking book (maximum negative value calculated according to the NBU approach) for NII to the Bank's profit (complied with: as of 31.12.2024, the value is 2.72%, the limit is <35%; as of 12/31/2023, the value is 21.72%, the limit is <35%) and for EVE to the Bank's regulatory capital (complied with: as of 12/31/2023, the limit is <35%).12.2023 amounted to 21.35%, the limit is <35%) and for EVE to the Bank's regulatory capital (complied with: as of 31.12.2024 the value was 4.49%, the limit is <35%; as of 12/31/2023 it was 0.80%, the limit is <35%);
- prepares quarterly reports for the NBU in accordance with the established forms;
- prepares its contribution to the ECB reporting on a quarterly basis and submits it to the Parent Company for consolidation.

The Risk Management Department is responsible for the development of certain high-level internal documents necessary to ensure effective management of interest rate risk in the Banking book: policies, guidelines and basic documents: methodologies, implementation procedures, etc. The high-level documents should include objectives, organizational process, reporting forms and frequency, risk appetites and limits, and escalation process, and should be approved by the relevant collegial body. Basic documents must also be approved by the relevant collegial body. The Bank may combine internal documents into one or more.

Foreign currency risk arises from unfavorable fluctuations in foreign exchange rates affecting assets, liabilities and off-balance sheet positions held in the Bank's trading and Banking books.

Commodity risk arises from unfavorable changes in the market price of goods held in the Bank's trading and Banking books.

The Bank does not carry out transactions in the trading book, the Bank operates only in the Banking book, thus the market risk to which the Bank is exposed, from a regulatory point of view, is only currency risk and commodity risk (commodity risk, which for the Bank is represented by precious metals).

The Bank's main approach and tool for managing currency and commodity risks is limitation. The Bank uses this tool by setting risk appetites and limits:

- on the currency VaR (value at risk) ratio in relation to regulatory capital (complied with: as of December 31, 2024 with a value of 0.05%, risk appetite is 5%; as of December 31, 2023 - 0.08%, risk appetite - 16%);
- for the commodity VaR ratio in relation to regulatory capital (complied with: as of 31.12.2024 with a value of 0.01%, risk appetite is < 1%; as of 12/31/2023 - 0.02%, risk appetite - < 1%);
- on the Bank's total open currency position (for all foreign currencies and precious metals), in accordance with the NBU regulatory requirements for regulatory capital (complied with: as of 31.12.2024, the value of the Bank's total short open currency position is 2.93% and the total long open currency position is 0.27%, the limit is < 5% for the total short and long open currency position; as of 31.12.2023 - respectively 1.00% and 0.27%, the limit is < 5% for the total short and long open currency position);
- internal currency position limits by currency were complied with for USD and EUR separately and for the Bank's total open currency position in absolute terms for all currencies.

The system of internal limits allows for comprehensive and adequate management of currency and commodity risks in accordance with the Bank's risk management principles. To manage currency and commodity risks, the Bank has set general risk appetites and limits in accordance with the NBU requirements. Such limits are necessary to prevent unexpected losses from significant fluctuations in foreign exchange rates and commodity prices.

In 2024, the NBU fully implemented a new approach to calculating the minimum market risk exposure as a component of the aggregate risk exposure used to calculate capital adequacy ratios. Currency risk is the largest component of the minimum market risk exposure in terms of the Banking book, while commodity risk for precious metals remains rather insignificant. The peculiarity of calculating the minimum market risk exposure is that currency risk includes gold, while commodity risk includes precious metals other than gold. This peculiarity is retained only for the calculation of the minimum market risk exposure. In all other cases, gold is a component of commodity risk, and currency risk includes only foreign currencies.

Until 05.08.2024, the calculation of market risk for capital adequacy ratios was carried out by determining the size of the aggregate currency position, where the larger of the two (short or long) open currency positions was determined in absolute terms and the value of the aggregate position in precious metals was added to it.

The new calculation provides for separate calculations of currency and commodity risks, as well as the application of scaling factors determined by the NBU for each type of risk as a component of market risk.

The new approach also provides for the identification of trading book risks, but the Bank does not have such operations, so the calculation focuses on only two Banking book risks.

*Operational risk*

Risk factors: The Bank's main risk is external risk due to the military invasion of Ukraine by Russia. The following factors are personnel, systems and information technology, and process execution. The Bank's influence: the Bank cannot influence the external factor, but whenever possible, it takes measures to minimize losses from the loss of human resources and material assets. For other operational risk factors, the Bank acts in accordance with the Business Continuity Plan (BCP).

In 2024, the number of cyberattacks on Ukraine increased by almost 70%, reaching 4,315 incidents, compared to 2,541 a year earlier. Most often, hackers attack critical infrastructure: the energy sector, government agencies, security services, and telecommunications. Their goal is to steal confidential information and destroy data. The most common tools are mass malware and phishing emails. During the war, the most valuable information for the enemy is information about the plans of the Armed Forces of Ukraine, data from defense industry enterprises, the government, and other organizations that support military activities. In 2024, there was a steady upward trend in attacks on critical infrastructure, especially in the energy sector. Experts predict that the attacks will continue in 2025, and cyberspace will remain a center of hostilities.

In December 2024, the largest cyberattack on Ukraine's state registries took place: the systems of the Ministry of Justice were shut down. Businesses and individuals experienced significant difficulties opening Bank accounts due to the consequences of the Russian hacker attack on state registries.

*Liquidity risk*

Risk factors: certain mismatches between the timing of attracting funds from customers and the placement of the Bank's resources, due to the market situation and the structure of the Bank's balance sheet, instability of the resource base of the Banking system. The Bank's impact: control of liquidity gaps, attraction of funds from customers, investment in highly liquid assets, prudent lending policy.

The objective of liquidity risk management is to provide a high degree of assurance that the Bank has the ability to both meet its daily liquidity requirements and withstand periods of liquidity stress affecting both its secured and unsecured funding, which may be sourced from a particular Bank or the entire market.

Liquidity management is carried out by the Treasury and Markets Department of the CFO Division in the following stages: daily, weekly and monthly liquidity planning.

At the stage of daily liquidity planning, all incoming and outgoing cash flows in national and foreign currencies for the current and previous days are analyzed, future cash flows are analyzed based on payment calendars and liquidity forecasts as of the end of the current day, the structure of the Bank's assets and liabilities and its changes are analyzed.

Treasury and Markets Department of the CFO Division takes the following actions:

- calculates the maximum liquidity utilization within a trading day - the maximum cumulative negative balance between incoming and outgoing payments on the Bank's correspondent accounts from the beginning of the day to the time of settlement. The Bank calculates this indicator at least once an hour, both for all transactions and excluding transactions with the National Bank of Ukraine and other Banks;
- calculates the available instant liquidity at the beginning of each business day - the amount of high-quality liquid non-cash assets (funds on correspondent accounts) available to the Bank at the beginning of the business day. The Bank calculates this indicator both in total (gross) and without taking into account cash flows from transactions with the National Bank and other Banks (net);
- maintains a positive correspondent account balance with the NBU;
- ensures compliance with the mandatory reserve requirements set by the NBU;
- Ensures that high quality liquid assets exceed the minimum level established by the relevant documents.

The Treasury and Markets Department of the CFO Division, based on the liquidity gap report, makes forecasts based on data received from structural units on future active and passive transactions.

Based on forecast information from structural units, a monthly report is prepared for the Assets and Liabilities Management Committee on the liquidity position for up to six months by major currencies and liquidity ratios are forecasted.

The term liquidity management process is managed by the Treasury and Markets Department of the CFO Division and the Risk Management Department.

The task of managing term liquidity:

- ensuring that the Bank has sufficient funds to meet its liquidity needs within the established periods;
- creating conditions to avoid forced sale of assets with a loss of value to fulfill the Bank's obligations;
- creating conditions for minimizing the additional need for high-quality liquid assets and attracting additional resources with higher value;
- compliance with the NBU's liquidity requirements;
- achievement of the Bank's strategic goals.

Liquidity risk management is controlled by the Risk Management Department.

To mitigate the impact of liquidity risk on the Bank, the Risk Management Department takes the following actions:

- regularly updates internal documents on liquidity risk;
- performs daily analysis of high quality liquid assets (HQLA) and their trends;
- calculates daily the NBU's liquidity indicators, such as the LCR in all currencies and the LCR in foreign currencies;
- NSFR in all currencies, NSFR in foreign currencies, and NSFR in hryvnia are calculated on a daily basis;
- daily monitors internal concentration limits established by the relevant documents;
- performs monthly GAP analysis based on contractual cash flows (GAP analysis is performed to analyze the ability to comply with the NBU's regulatory values, risk appetites, and internal limits to predict the ability to ensure the quality of the Bank's operations) - the Bank performs gap analysis on a monthly basis in more detail, as well as on a weekly basis in a more general context and on a daily basis for ALM instruments;
- weekly performs: analysis of short-term cash flows (detailed distribution up to 3 months); calculation of LCR according to the Parent Company's approach; analysis of daily changes in funding by amount, type of customer and their residence;
- contributes to the crisis management exercises conducted by supervisory and resolution authorities in accordance with established schemes and frequency - currently, this includes the preparation of SLT (weekly) and Joint Liquidity Exercise (JLT) reports (annually) upon request of the ECB Supervisory Board, which includes liquidity evolution, Maturity ladder (information on instruments broken down by different time intervals) and collateral details, as well as LCR report under the Parent company approach (excluding intercompany transactions);
- assesses liquidity risk on a monthly basis by calculating LCR and NSFR according to the Parent Company's approaches, and also assesses liquidity risk by calculating internal short-term (Survival Period) and long-term (net loans to customers to direct funding ratio) liquidity ratios;
- monitors the level of risk appetite and limits set by the Bank on a monthly basis and signals the need for an escalation process;
- conducts a stress test at least once a quarter;
- analyzes new products and services from the perspective of liquidity risk;
- prepares timely and complete reports on liquidity risk for the Bank's corporate bodies in accordance with the frequency and forms established by the relevant internal documents;

Liquidity management in the event of a crisis:

- identifying primary alarms, monitoring them on an ongoing basis, and identifying procedures to be implemented when a lack of liquidity becomes apparent;
- legalize the actions of managers responsible for liquidity management in a stressful situation, allowing them to quickly change the structure of assets and liabilities;
- a clear list of immediate action and intervention measures to address the emergency.

A liquidity emergency is defined as a situation of difficulty or inability of the Bank to meet its monetary obligations as they fall due, without the implementation procedure and/or without the use of instruments, due to their intensity or method of use, which does not qualify as ordinary business.

Liquidity emergencies can be caused by market conditions or any specific Banking situation; in terms of duration, they can be classified as temporary (lasting several days) or long-term. Liquidity management in crisis circumstances caused by deterioration of the Bank's financial position is set out in the Contingency Liquidity Plan (hereinafter - CLP).

CLP provides:

- identifying primary alarms, monitoring them on an ongoing basis, and identifying procedures to be implemented when a lack of liquidity becomes apparent;
- legalize the actions of managers responsible for liquidity management in a stressful situation, allowing them to quickly change the structure of assets and liabilities;
- a clear list of immediate action and intervention measures to address the emergency.

The purpose of the CLP is to protect the Bank's assets and, at the same time, to guarantee the continuity of operations in times of extreme liquidity needs by providing:

- identifying early warning signals, monitoring them on an ongoing basis, and defining procedures to be implemented in situations of liquidity stress;
- the legitimacy of the management responsible for managing liquidity in emergency situations, which should be able to quickly and, sometimes, radically change the structure of the balance sheet;
- having a strategy and measures in place to address liquidity emergencies (the Contingency Funding Plan (CFP)).

The system of early warning indicators can detect three different situations:

- normal operating conditions;
- preliminary warning;
- maximum warning.

Initial early warning signals are aimed at identifying signs of potential liquidity stress, both systemic (market) and specific to the Bank (intra-Bank).

The Bank has implemented an intervention strategy and measures to address the Bank's liquidity emergencies, which are set out in the Contingency Funding Plan (CFP).

The CFP intervention strategies and tools are defined and selected according to the type, duration and intensity of the liquidity emergency ("normal", "warning", "maximum alert"), as well as based on the context in which the stress arises (whether the emergency is related to the Bank's specifics, i.e., internal factors, or the emergency is related to the market, i.e., external factors).

The Bank has also developed a system of liquidity concentration limits to prevent significant liquidity outflows and acceptance of significant risk appetites.

*Strategic risk*

Strategic risk is the likelihood of losses or additional losses or shortfall in planned revenues as a result of incorrect management decisions and inadequate response to changes in the business environment.

This risk arises from incompatibility:

- strategic goals of the Bank;
- business strategies developed to achieve these goals;
- resources used to achieve these goals;
- quality of their implementation.

The main purpose of strategic risk management is to limit or minimize the risk to which the Bank is exposed, as well as to ensure maximum preservation of assets and equity while minimizing (eliminating) losses by introducing a reasonably sound system of strategic planning and control over the implementation of decisions at all organizational levels.

Strategic risk is controlled by the Planning and Control Department of the CFO Division as the main unit that coordinates the budget process, consolidates, analyzes and controls the budget.

To minimize strategic risk, the Planning and Control Department uses the following planning tools:

- Business plan
- Annual budget
- Current year forecast

If necessary, based on the results of the review, the corporate bodies may decide to amend the Bank's policy in the relevant direction in order to implement the strategy or instruct the Planning and Control Department of the CFO Division to provide additional calculations with justifications.

*Legal risk*

Legal risk is the probability of incurring losses or additional losses, or not receiving planned income as a result of unexpected application of legal provisions due to the possibility of their ambiguous interpretation or as a result of invalidation of contractual terms due to their non-compliance with the requirements of Ukrainian legislation.

In 2024, the regulatory environment continued to be actively reformed and developed under the influence of European integration, technological innovations, and martial law. Accordingly, the challenges caused by imperfections in legislation and the practice of ambiguous application remained relevant.

The Bank strives to continuously monitor legislative developments, starting with the early identification of rulemaking initiatives and ending with the monitoring of law enforcement practices.

In terms of the validity of contracts, the risks for the Bank were somewhat limited in 2024. There were no significant changes in the court practice in cases involving the Bank.

At the same time, the Bank remained focused on the need to adapt its standard contractual documentation to changes in legislation and court practice.

The Bank monitors court practice to identify at least the most risky changes.

If potential or actual legal risks are identified, the Bank assesses their impact on its operations, identifies and implements measures to eliminate or mitigate the negative impact. Such measures include the introduction or revision of business processes, standard contractual documentation and internal documents of the Bank so that the residual legal risk is acceptable.

The Bank's managers and specialized departments are aware of the main legal risk factors.

The Bank's key legal risk management unit is the Legal and General Secretariat Department.

*Information technology risk*

ICT risk (information and communication technology risk, a component of operational risk) is the probability of losses or additional losses or shortfall in planned income due to malfunction or inconsistency of information and communication technologies with the Bank's business needs, which may lead to disruption of their sustainable functioning, or shortcomings in the organization of management of such technologies.

Risks in the field of information and communication technologies are divided into two types:

- risks that may arise as a result of personnel actions;
- technological risks, which also include equipment failures or malfunctions.

The risk management process in the field of information and communication technologies includes the process of risk identification, the process of risk assessment, and the process of implementing measures aimed at reducing the risk to an acceptable level.

The risk identification process involves periodic analysis of the Bank's systems as changes occur or problems are identified.

The risk assessment process takes into account the likelihood of the risk occurring, the magnitude of the consequences and the possibility of recurrence.

The type and list of risk mitigation measures are determined based on the nature of the risk and the threats it poses.

During 2024, the Bank continued to pay significant attention to improving processes, programs and infrastructure with the support of the parent company. The critical processes of information systems and information systems used to support critical business processes were once again reviewed, as well as the corresponding contingency plan to ensure the availability, continuity and recovery of critical systems and critical infrastructure. To prevent the loss of critical data, the procedures for backing up and restoring critical software and critical data were reviewed and updated. A well-established incident management process (detection, analysis and resolution) helped maintain business processes and ensure uninterrupted operation of systems.

*Information security risk*

In 2024, the issues of information security and business continuity became the Bank's priority areas of activity. The work in this area was carried out under the guidance of the Cybersecurity and Business Continuity Management Department with the active participation of all specialized divisions of the Bank.

1. Information security risk management

In order to identify and minimize potential risks in accordance with the methodology approved in the previous reporting year, the following documents were updated and approved in 2024:

- Report on risk assessment of critical business processes of "PRAVEX BANK" JSC (No. 107 dated 04/24/2024);
- Risk minimization plan for critical business processes of "PRAVEX BANK" JSC (No. 108 dated 04/24/2024);
- Report on the residual risks acceptance of "PRAVEX BANK" JSC (No. 109 dated 04/24/2024).

To improve the reliability of critical processes, the following internal documents were developed or updated:

- List of critical business processes of "PRAVEX BANK" JSC (No. 5 dated 04.01.2024);
- Plan of business continuity and actions in the event of emergencies of "PRAVEX BANK" JSC (No. 117 of 26.04.2024);
- Procedure for analyzing negative factors on business processes (No. 138 of 20.05.2024);
- Regulation on ensuring the uninterrupted functioning of "PRAVEX BANK" JSC during the special period (No. 374 dated 12/24/2024) in accordance with NBU Resolution No. 67 dated 06/14/2024.

2. Implementation of international standards

To strengthen information and economic security, the Bank's competent authority took into account and implemented the original "as is" version of the Intesa Sanpaolo Group's regulatory documents, including:

- Rules for the Business Continuity Plan of Intesa Sanpaolo Group;
- Security rules for digital assets;
- Security rules for incident management;
- Process: Cybersecurity and business continuity management, third-party security;
- Physical security rules for risk analysis and asset protection;
- Security rules for event tracking;
- Security rules for third parties and management of cloud computer data;
- Security rules for configuration and change management;
- Security rules for artificial intelligence.

3. Control of the distribution of powers

4. Technical measures to minimize information security risks

Licenses for key information security systems were updated, in particular:

- Privilege Access Management (PAM) from Delinea;
- TrendMicro - endpoint control and corporate email security system (updated system modules);
- F5 is a system for protecting the Bank's web resources;
- Cisco - protecting network resources and controlling access from attacks;
- ArcSight is a system for collecting and analyzing control logs of user actions;
- Microsoft Defender - protection of the Bank's development resources.

In addition, it was conducted:

- Scheduled audit of the Bank's information security with penetration testing using black, gray and white box methods;
- Training of personnel on information security with emulation of phishing attacks;
- An external independent assessment of compliance with SWIFT security standards, which did not reveal any significant comments.

5. Cybersecurity and response to attacks

- Thanks to the cooperation with the NBU SOC (Security Operation Center), the Bank successfully repelled several cyberattacks. No service was stopped or slowed down.
- Operational cooperation with law enforcement agencies was ensured to counter cyber threats.
- Regular reports on information security are prepared for the Bank's management.

6. Business continuity testing (DRP tests)

In 2024, two scheduled DRP tests were conducted to emulate the complete destruction of the main data center:

- February 2024 - system recovery time: 56 minutes;
- September 2024 - recovery time reduced to 42 minutes due to adjustments to the recovery procedures.

7. Emergency preparedness

- We started installing alternative power supplies for the branches (inverters, generators).
- There is a constant interaction with international cybersecurity centers (GSOC - the Group's Global Security Operation Center).

8. 8. Conclusions and next steps

"PRAVEX BANK" JSC continues to improve its information security and business continuity system in accordance with the best international practices. In 2025, new SWIFT security standards will be implemented, and the alternative power supply network will be expanded to increase the resilience of Banking services in crisis situations.

*Compliance risk*

Compliance risk is the likelihood of losses/sanctions, additional losses or shortfall in planned income or loss of reputation as a result of failure of the Bank and its employees to comply with the requirements of the legislation of Ukraine, regulations of the National Bank of Ukraine, market standards, rules of fair competition, rules of corporate ethics, conflict of interest, as well as internal documents of the Bank, including rules of ethical behavior, prevention and settlement of conflicts of interest. The Bank has implemented a classic model of 3 lines of defense to manage compliance risk.

Employees are informed of the need to report all identified compliance risks and manage compliance risk. In managing compliance risk, the Bank is guided by the following principles: efficiency, timeliness, structuredness, segregation of duties, comprehensiveness and complexity, proportionality, independence, confidentiality, and transparency.

Compliance risk related to sanctions and financial losses is referred to as operational risk, and the risk that causes damage to reputation is referred to as reputational risk.

The Bank also considers the so-called behavioral risk to be included in compliance risk, which, in the absence of a clear regulatory reference, is defined as the risk of judicial or administrative sanctions, material financial losses or reputational damage as a result of behavior:

- unfair treatment of customers;
- jeopardizing the integrity and proper functioning of financial markets;
- violation of regulations in the field of financial crimes (e.g., anti-money laundering, counterterrorism, embargo, anti-corruption, tax crimes, cybercrime).

The Bank has established a compliance risk management system that ensures continuous analysis of compliance risk in order to make timely and adequate management decisions to minimize or mitigate compliance risk and reduce related losses.

*Reputation risk (reputational component of compliance risk)*

Reputational risk is the probability of losses or additional losses or shortfall in planned income as a result of unfavorable perception of the Bank's image by customers, counterparties, shareholders, supervisors and regulators. Also defined as reputational risk is an actual or potential risk of a decrease in profit or capital arising from a negative perception of the Bank's image by customers, counterparties, shareholders, investors and supervisory authorities.

The main objective of reputation risk management is to limit or minimize the risk to income and capital that occurs or may occur due to unfavorable perception of the Bank's image by customers, contractors, shareholders (stakeholders) or regulatory authorities.

In its internal Banking documents, the Bank establishes a more in-depth approach to the construction and operation of the risk management system adequate to the specifics of its activities, the nature and scope of Banking and other financial services.

The Bank has established a risk management system adequate to its size, business model, scale of its operations, types, taking into account the complexity of the Bank's operations, which in turn ensures the identification, measurement (assessment), monitoring, reporting, control and mitigation of all material risks of the Bank in order to determine the amount of its capital required to cover all material risks inherent in its activities (internal capital). To mitigate reputational risk, the Bank uses the following instruments of influence:

- code of professional ethics and rules of conduct;
- preventing corruption and bribery;
- external and internal monitoring systems;
- a crisis action plan;
- reputation risk assessment.

The PR and Marketing Office is responsible for managing the Bank's reputation in the mass media by:

- systematic analysis and monitoring of media, social networks, customer and stakeholder feedback;
- establishing and maintaining trusting and constructive relationships with journalists and the media;
- developing and implementing a crisis communications plan that defines the procedure for informing stakeholders, the media and the public about crisis situations and their consequences;
- creating and maintaining a positive image of the Bank and its management in the media;
- efficient use of social networks to promptly disseminate the Bank's news and maintain customer feedback.

*Price risk*

The Bank's other price risk arises from investments in securities. Investments in securities are made within the established limits. Limits on transactions with securities are approved by the relevant committee of the Parent Company. Limits are set by issuers and individual issues of securities. The limits are set for a limited period of time and are subject to review thereafter.

The issue of the need to set limits is initiated by the Treasury and Markets Department of the CFO Division. The Risk Management Department prepares conclusions on the possibility of setting such limits, after which the relevant materials are submitted to the relevant committee of the Parent Company. After obtaining approval, an internal document with the specified limits is approved at the Bank's level.

Compliance with the limits is monitored on an ongoing basis by the Risk Management Department.

### 3.4. Performance results and prospects for further development

***Financial and non-financial indicators that provide an understanding of the main trends and factors affecting the business, the Bank's performance, their relationship to management's goals and strategies to achieve these goals***

The key indicators to which the Bank paid special attention during the reporting year were: liquidity level, regulatory capital adequacy and capital ratios, CIR (cost-to-income ratio), and loan portfolio quality.

***Analysis of significant changes in financial position, liquidity and results of operations***

In 2024, the Bank significantly improved its operating profit (loss) compared to 2023 due to an increase in operating income (Net interest income, net commission income and other operating income of the Bank).

The main changes in the Bank's financial position compared to 2023 were due to an increase in operating income due to: an increase in average volumes of securities due to an increase in funds raised from customers and capital received; a decrease in the cost of borrowed resources in view of the NBU monetary policy change, which fully offset the decrease in loan income due to a decrease in average volumes due to limited lending.

The Bank's liquidity ratios improved due to the increase in high quality liquid assets, including foreign currency assets, driven by the purchase of G-7 debt securities and placement of free liquidity in local currency received from the capital increase in the Bank in NBU certificates of deposit and government bonds.

***Reasons for changes in the indicators during the reporting period***

During the reporting year 2024, most of the Bank's performance indicators improved due to the implementation of a number of measures to expand opportunities for investing in financial instruments, including with a focus on increasing product margins, which ensured the growth of a stable resource base, high liquidity and growth of risk-free interest income.

***Intention to implement the Bank's strategy in the long term***

The Bank intends to continue to implement its strategy in the long term, within the framework of annual plans and budgets that take into account the specifics of the current periods, but are correlated with the defined long-term strategy.

### 3.5. Key performance indicators

***Performance indicators used by management to assess the Bank's performance against the established goals***

According to the results of its operations in 2024, the Bank incurred a loss of UAH 198 218 thousand, which is 113% more than in 2023 (UAH 92,890 thousand). This was mainly due to a lower amount of released provisions for loan debt due to improved customer solvency, which allowed customers to fulfill their obligations to the Bank on time and pay ahead of schedule, but the amount decreased compared to 2023.

At the same time, operating expenses continued to increase due to rising inflation, further hryvnia devaluation, revision of the scale and conduct of business as usual, despite optimization of expenses by reviewing their structure in accordance with the Bank's immediate needs, as well as ongoing negotiations with suppliers to maintain prices at the current level.

Lower loan loss provisions and a slight increase in operating expenses were partially offset by a significant increase in operating income from net interest income, which was driven by a decrease in the cost of borrowed funds as a result of changes in the NBU's monetary policy. At the same time, commission and other income increased due to business development and one-off income related to remuneration from the MasterCard payment system and restructuring of corporate loans.

In 2024, the Bank's total assets increased by 11% compared to 2023 and amounted to UAH 12.1 billion. This growth was driven by an increase in the Bank's equity due to the Parent Company contributions and funds raised from individuals.

The following changes occurred in the Bank's balance sheet:

- significant growth of the securities portfolio with diversification of financial instruments, including through revision of limits, as an alternative to placement of free liquidity in hryvnia and foreign currency and ensuring risk-free interest income;
- increase in the volume of customer deposit portfolio due to the need to attract resources to ensure a stable resource base and sufficient liquidity;
- Growth of the loan portfolio by resuming lending to customers, both corporate and retail, with a focus on customer profile, profitability and direct impact on regulatory capital through risky assets.

As for the non-financial performance indicators of the Bank, it should be noted that during the reporting year 2024, the number of operating ATMs was stable and amounted to 82. During the year, the Bank's branch network decreased by 1 branch, whose activities were suspended, and at the end of the year amounted to 39 operating branches.

### 3.6. Information on the conclusion of derivative contracts or transactions with derivative securities by the issuer

In the reporting period, the Bank did not enter into any derivative contracts or transactions with derivative securities.

# 4. REPORT ON CORPORATE GOVERNANCE

## 4.1. Corporate Governance Code

At the beginning of 2024, corporate governance in the Bank was organized in accordance with the Principles (Code) of Corporate Governance of "PRAVEX-BANK" JSC, approved by the Shareholder's decision No. 5/2016 dated 13.12.2016. In accordance with the Shareholder's Decision No. 1/2024 dated 09.02.2024, "PRAVEX BANK" JSC decided to apply the Corporate Governance Code approved by the National Securities and Stock Market Commission, taking into account certain provisions set forth in the above Shareholder's Decision at https://www.pravex.com.ua/storage/files/kodekskorporativnogoupravlinnya2024.pdf

## 4.2. Explanation of the reasons for deviation and/or non-application of the provisions of the Corporate Governance Code

During the reporting period, there were no deviations from the standards set by the Corporate Governance Code approved by the National Securities and Stock Market Commission.

## 4.3. Information on the general meeting of shareholders and a general description of the decisions taken at such meetings

The Bank's supreme governing body is the General Meeting of Shareholders. Given that 100% of the shares are owned by one shareholder, the powers of the General Meeting of Shareholders are exercised by such shareholder alone.

In 2024, 6 Shareholder Decisions were adopted, one as part of the annual meeting and 5 as part of the extraordinary meeting.

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| **Date of the event** | 09.02.2024 |
| **Way** | In-person voting, venue: Kyiv, Ukraine,<br>Klovsky Uzviz 9/2 |
| **Subject of the convocation** | The sole shareholder of Intesa Sanpaolo S.p.A. |
| **Agenda items and decisions taken:** | |
| Issue 1: On the application of the Corporate Governance Code approved by the National Securities and Stock Market Commission | A decision has been made:<br>To apply the Corporate Governance Code approved by the decision of the National Securities and Stock Market Commission dated 12.03.2020 No. 118 (hereinafter referred to as the Code), taking into account the fact that:<br>(1) The Bank shall apply the requirements of the Code and make efforts to apply the recommendations provided by the Code; and<br>(2) The Bank is not obliged to apply the Code to the extent that its provisions are based only on requirements for listed companies, as long as the Bank has not listed the securities; and<br>(3) The Bank shall not be obliged to apply the Code to the extent that its provisions by their content relate to companies with more than one shareholder, as long as the Bank is a company with one shareholder; and<br>(4) when applying the provisions of the Code, the Bank shall proceed from the priority of the acts of legislation on Banks and Banking activities, other acts of legislation regulating the activities of financial institutions in comparison with the acts of legislation regulating the activities of joint stock companies; and<br>(5) in case of any other conflict between the requirements of the legislation of Ukraine and the provisions of the Code, the Bank shall be guided by the requirements of the legislation of Ukraine. |

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| **URL of the minutes of the general meeting:** | https://www.pravex.com.ua/storage/files/rishennya-akcionera-1-09.pdf |

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| **Date of the event** | 28.03.2024 |
| **Way** | In-person voting, venue: Kyiv, Ukraine, Klovsky Uzviz 9/2 |
| **Subject of the convocation** | The sole shareholder of Intesa Sanpaolo S.p.A. |
| **Agenda items and decisions made:** | |
| Issue 1: Increase the size of the Bank's authorized capital through an additional issue of ordinary shares of the existing nominal value at the expense of additional contributions. | A decision has been made:<br>1. To increase the authorized capital of the Bank by additional issue of ordinary shares of the existing nominal value at the expense of additional contributions in the amount of UAH 1,099,999,999.92. |
| Question 2. Decision to issue shares. | A decision has been made:<br>2. To approve the attached resolution on the issue of shares (in Ukrainian). |
| Issue 3: Determination of the Bank's authorized body, which is granted the powers specified in the regulatory legal act of the National Securities and Stock Market Commission. | A decision has been made:<br>3. To determine the Management Board of the Bank as the authorized body of the Bank, which is authorized to:<br>- determination (approval) of the share placement price in the course of the share issue;<br>- making a decision on the early termination of the share issue;<br>- approving the results of the share issue;<br>- Approval of the report on the results of the share issue;<br>- Deciding not to issue shares;<br>- refund of contributions made as payment for shares in case of invalidation of the share issue or failure to approve the results of the share issue within the time limits established by law, or failure to make/perform state registration within the time limits established by law of amendments to the Bank's Articles of Association to increase the amount of the authorized capital, or in case of a decision to refuse to issue shares;<br>- Amendments to the decision on the issue of shares in terms of minor parameters of the share issue. |
| Issue 4. Determination of the Bank's authorized persons who are granted the powers specified in the regulatory legal act of the National Securities and Stock Market Commission. | A decision has been made:<br>4. To determine the authorized persons of the Bank, namely:<br>- Mr. Gianluca Corrias, Chairman of the Management Board of the Bank,<br>- Mr. Semen Babayev, Deputy Chairman of the Management Board, Head of the Retail Division (from 01.04.2024 - Deputy Chairman of the Management Board, Head of the CBO Division),<br>- Ms. Svitlana Kramarova, Member of the Management Board, Head of the CFO Division,<br>- Mr. Ruslan Leshchenko, Member of the Management Board of the Bank, Head of the CLO Division,<br>each of which is authorized (with the right to act independently) to take actions to ensure the placement of shares (conclusion of a share purchase agreement, etc.). |
| **URL of the minutes of the general meeting:** | https://www.pravex.com.ua/storage/files/rishennya-3-2024-04.pdf |

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| **Date of the event** | 22.04.2024 |

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| **Way** | In-person voting, venue: Kyiv, Ukraine,<br>Klovsky Uzviz 9/2 |
| **Subject of the convocation** | The sole shareholder of Intesa Sanpaolo S.p.A. |
| **Agenda items and decisions made:** | |
| Issue 1: Approval of the annual financial statements of “PRAVEX BANK” JSC as of December 31, 2023 and for the year ended on that date | A decision has been made:<br>1. To postpone consideration of the annual financial statements of “PRAVEX BANK” JSC as of December 31, 2023 and for the year ended on that date and its approval until the Extraordinary General Meeting of Shareholders |
| Issue 2: Consideration of the report of the Bank's independent auditor on the audit of the Bank's annual financial statements for 2023 (annual report), approval of measures based on the results of consideration of such report | A decision has been made:<br>2. To postpone consideration of the report of the Bank's independent auditor to the Bank's annual financial statements for 2023 (annual report) and approval of measures based on the results of consideration of such report to the Extraordinary General Meeting of Shareholders |
| Issue 3: Approval of the distribution of profits or approval of the procedure for covering losses | A decision has been made:<br>3. To postpone consideration of the issue of approving the distribution of profits or the procedure for covering losses until the Extraordinary General Meeting of Shareholders |
| Issue 4. On allocation of dividends on preferred shares for 2023 to the reserve fund | A decision has been made:<br>4. To postpone consideration of the issue of sending dividends on preferred shares for 2023 to the reserve fund until the Extraordinary General Meeting of Shareholders |
| Issue 5. Approval of the Management Report (Management Report) for 2023 | A decision has been made:<br>5. To postpone consideration of the issue of approval of the Management Report of “PRAVEX BANK” JSC for 2023 to the Extraordinary General Meeting of Shareholders |
| Issue 6. Review of the Supervisory Board Report for 2023, approval of measures based on the results of its review | A decision has been made:<br>6. To approve the Report of the Supervisory Board of the Bank for 2023 (Annex 1), to recognize the work as proper and sufficient. The Supervisory Board, within its competence, shall take into account in its work the recommendations of the National Bank of Ukraine provided based on the results of the annual supervisory assessment of the Bank (SREP) as of January 01, 2023. |
| Issue 7. Approval of the Report on remuneration of the Supervisory Board Members for 2023 | A decision has been made:<br>7. To approve the Report on Remuneration of the Supervisory Board Members for 2023 (Annex 2). |
| Issue 8. Re-election (termination of powers and election of Members ) of the Supervisory Board of “PRAVEX BANK” JSC | A decision has been made:<br>8. To terminate the powers of all Members of the Supervisory Board in connection with the expiration of the term of office of the Supervisory Board and to elect Members of the Supervisory Board of “PRAVEX BANK” JSC consisting of seven persons:<br>- Mr. Silvio Pedrazzi (shareholder representative);<br>- Mr. Corrado Pietro Maria Casalino (independent);<br>- Mr. Fabrizio Mallen (independent);<br>- Ms. Laura Febbraro (independent);<br>- Mr. Francesco Del Genio (shareholder representative);<br>- Ms. Daniela Blandino (shareholder representative);<br>- Mr. Antonio Giovanni Maria Bergalio (shareholder representative).<br>The term of office of the Supervisory Board is 3 years until the |

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| | Annual General Meeting of Shareholders in 2027. |
| Issue 9. On approval of the terms of civil law contracts to be concluded with the Members of the Supervisory Board of "PRAVEX BANK" JSC | A decision has been made:<br>9. To approve the terms and conditions of civil law contracts to be concluded with the Members of the Supervisory Board of "PRAVEX BANK" JSC (Annex 3). |
| Issue 10. On establishing the amount of remuneration paid to the Members of the Supervisory Board of "PRAVEX BANK" JSC | A decision has been made:<br>10. To establish the annual remuneration of such Members of the Supervisory Board of "PRAVEX BANK" JSC :<br>- Mr. Silvio Pedrazza - EUR 25,000, gross (including all taxes and duties in accordance with the laws of Ukraine);<br>- Mr. Corrado Pietro Maria Casalino, an independent member, EUR 15,000, gross (including all taxes and duties in accordance with the laws of Ukraine);<br>- Mr. Fabrizio Mallen, an independent member - EUR 10,000, gross (including all taxes and fees in accordance with the laws of Ukraine);<br>- Ms. Laura Febbraro, an independent member - EUR 10,000, gross (including all taxes and fees in accordance with the laws of Ukraine).<br>To establish that the annual remuneration shall be paid on December 15 (or, if this day is not a working day, on the first following working day) of each year in the amount proportional to the time worked, in accordance with the procedure determined by the agreement between the Bank and the Supervisory Board member.<br>In case of termination of powers of a member of the Supervisory Board for any reason, the Bank shall pay remuneration within one month from the date of termination of powers. |
| Issue 11. On election of a person authorized to sign contracts with Members of the Supervisory Board of "PRAVEX BANK" JSC | A decision has been made:<br>11. To authorize the Chairman of the Management Board of "PRAVEX BANK" JSC or the person acting as the Chairman of the Management Board of "PRAVEX BANK" JSC to sign agreements with Members of the Supervisory Board of "PRAVEX BANK" JSC . |
| **URL of the minutes of the general meeting:** | https://www.pravex.com.ua/storage/files/rishennya-3-2024-04.pdf |

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| **Date of the event** | 28.05.2024 |
| **Way** | In-person voting, venue: Kyiv, Ukraine,<br>Klovsky Uzviz 9/2 |
| **Subject of the convocation** | The sole shareholder of Intesa Sanpaolo S.p.A. |
| **Agenda items and decisions made:** | |
| Issue 1. Amendments to the Articles of Association of "PRAVEX BANK" JSC by restating it in a new version. | A decision has been made:<br>1. To amend the Articles of Association of "PRAVEX BANK" JSC in connection with the increase of the authorized capital of "PRAVEX BANK" JSC and in order to bring the provisions of the Bank's Articles of Association in line with the requirements of the legislation of Ukraine. To draw up and approve the new version of the Bank's Articles of Association and authorize the Chairman of the Management Board, Deputy Chairman of the Management Board or the person acting as the Chairman of the Management Board to sign the new version of the Articles of Association and ensure that all necessary actions related to the approval of the new version of the Articles of Association by the National Bank of Ukraine, as well |

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| | as those related to the state registration of the Articles of Association, with the right to delegate these powers to other persons. |
| **URL of the minutes of the general meeting:** | [https://www.pravex.com.ua/storage/files/rishennya-akcionera-4-2024.rar](https://www.pravex.com.ua/storage/files/rishennya-akcionera-4-2024.rar) |

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| **Date of the event** | 22.07.2024 |
| **Way** | In-person voting, venue: Kyiv, Ukraine,<br>Klovsky Uzviz 9/2 |
| **Subject of the convocation** | The sole shareholder of Intesa Sanpaolo S.p.A. |
| **Agenda items and decisions made:** | |
| Issue 1. On approval of the annual financial statements of "PRAVEX BANK" JSC as of December 31, 2023 and for the year ended on that date | A decision has been made:<br>1. To approve the annual financial statements of "PRAVEX BANK" JSC as of December 31, 2023 and for the year ended on that date (Annex 1) as follows:<br>1.1 Statement of financial position as at December 31, 2023<br>1.2. Income statement for 2023<br>1.3. Statement of comprehensive income for 2023<br>1.4. Cash flow statement for 2023<br>1.5. Statement of changes in equity for 2023<br>1.6. Notes to the financial statements as at and for the year ended December 31, 2023. |
| Issue 2: Consideration of the report of the Bank's independent auditor on the audit of the Bank's annual financial statements for 2023 (annual report), approval of measures based on the results of consideration of such report | A decision has been made:<br>2. To approve the Report of the independent auditor Ernst & Young Audit Services LLC on the annual financial statements of the Bank for 2023 (annual report), taking note that no additional measures are required (Annex 2) |
| Issue 3: Approval of the distribution of profits or approval of the procedure for covering losses | The decision made<br>3. To approve the distribution of profits or the procedure for covering losses of "PRAVEX BANK" JSC , namely:<br>3.1. To approve the financial result of the Bank for 2023 approved by the Supervisory Board of the Bank, namely a loss of UAH 92,889,635.25.<br>3.2. To allocate the loss for 2023 to the Uncovered Losses of previous years. |
| Issue 4. On allocation of dividends on preferred shares for 2023 to the reserve fund | A decision has been made:<br>4. To allocate the dividends on preferred shares for 2023 accrued at the expense of the Reserve Fund in the amount of UAH 156,600.00 to increase the Reserve Fund of "PRAVEX BANK" JSC . |
| Issue 5. Approval of the Management Report (Management Report) for 2023 | A decision has been made:<br>5. To approve the Management Report of "PRAVEX BANK" JSC for 2023 (Annex 3) |
| Issue 6. Approval of the Remuneration Policy of "PRAVEX BANK" JSC for 2024. | A decision has been made:<br>6. To approve the Remuneration Policy of "PRAVEX BANK" JSC for 2024 (in terms of remuneration of the Supervisory Board) (Annex 4). |
| **URL of the minutes of the general meeting:** | [https://www.pravex.com.ua/storage/files/rishennya-akcionera-5-22.rar](https://www.pravex.com.ua/storage/files/rishennya-akcionera-5-22.rar) |

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| **Date of the event** | 12.12.2024 |

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| **Way** | In-person voting, venue: Kyiv, Ukraine, Klovsky Uzviz 9/2 |
| **Subject of the convocation** | The sole shareholder of Intesa Sanpaolo S.p.A. |
| **Agenda items and decisions taken:** | |
| Issue 1. On approval of the Remuneration Policy of PRAVEX BANK JSC (2024) | A decision has been made:<br>1. To approve the Remuneration Policy of "PRAVEX BANK" JSC (2024) (in terms of remuneration of the Supervisory Board) (Annex 1). |
| **URL of the minutes of the general meeting:** | https://www.pravex.com.ua/storage/files/rishennya-akcionera-6-12_1734436412.rar |

### 4.4. Personal composition of the issuer's supervisory board and collegial executive body, their committees, information on meetings held and a general description of decisions taken, as well as reports of the supervisory board and collegial executive body

***Supervisory Board***

The Supervisory Board is a collegial body of the Bank that controls the activities of the Management Board, protects the rights of depositors, other creditors and shareholders. The Supervisory Board is not involved in the day-to-day management of the Bank.

In 2024, the Supervisory Board consisted of the Chairman of the Supervisory Board, Deputy Chairman of the Supervisory Board and other Members of the Supervisory Board.

As of 31.12.2024, the personal composition of the Supervisory Board and participation of the Supervisory Board Members in the committees:

| Name, surname of SB member, term of office in the reporting period | Chairman of the SB (X)/Deputy Chairman of the SB (Y) | Chairman (X)/SB member (V) | | |
|---|---|---|---|---|
| | | Audit Committee (AC) | Risk Management Committee (RMC) | Remuneration and Nomination Committee (RNC) |
| **Silvio Pedrazzi** (01.01.2024-31.12.2024) | X | | | V |
| **Corrado Pietro Maria Casalino (independent member)** (01.01.2024-31.12.2024) | Y | X | V | |
| **Fabrizio Mallen (independent member)** (01.01.2024-31.12.2024) | | | X | |
| **Laura Febbraro (independent member)** (01.01.2024-31.12.2024) | | V | | X |
| **Francesco Del Genio** (01.01.2024-31.12.2024) | | | V | |
| **Daniela Blandino** (01.01.2024-31.12.2024) | | | | V |
| **Antonio Giovanni Maria Bergalio** (01.01.2024-31.12.2024) | | V | | |

During 2024, there were **no changes in the composition of the Supervisory Board.** In 2024, the Shareholder of the Bank **decided to re-elect (terminate the powers and elect Members ) of** the Supervisory Board of the Bank - Decision No. 3/2024 dated 22.04.2024.
- Mr. Silvio Pedrazzi (shareholder representative)
- Mr. Corrado Pietro Maria Casalino (independent member)
- Mr. Fabrizio Mallen (independent member)
- Ms. Laura Febbraro (independent member)
- Mr. Francesco Del Genio (shareholder representative)
- Ms. Daniela Blandino (shareholder representative)
- Mr. Antonio Giovanni Maria Bergalio (shareholder representative).

The term of office of the Supervisory Board is 3 years until the Annual General Meeting of Shareholders in 2027.

In 2024, there were **no fundamental changes in the composition of the SB committees**, however, taking into account the re-election of the SB, **the composition of the SB committees - the**

**Audit Committee and the Risk Management Committee - was re-elected** (SB Decision of 23.04.2024, Minutes No. 10_24, item 2 of the agenda).

Members hip of the Audit Committee as of 31.12.2024

| Position. | Last name and first name |
|---|---|
| Chairperson | CASALINO Corrado (*) |
| Member | FEBBRARO Laura (*) |
| Member | BERGALIO Antonio |
| Permanent invitee | DAVINI Daniele |
| Permanent invitee | FLORIO Giovanna |
| Permanent invitee | TALARICO Vittorio |

(*) Independent member of the SB

Members hip of the Risk Management Committee as of 31.12.2024

| Position. | Last name and first name |
|---|---|
| Chairperson | MALLEN Fabrizio (*) |
| Member | CASALINO Corrado (*) |
| Member | DEL GENIO Francesco |
| Permanent invitee | CALDAROLA Francesco |

(*) Independent member of the SB

In addition, in accordance with the recommendation of the SREP assessment, the Supervisory Board on 30.09.2024 (Minutes No. 19_24, item 8 of the agenda) decided to establish **the Remuneration and Nomination Committee (RNC) consisting of the following Members :**

| Position. | Last name and first name |
|---|---|
| Chairperson | FEBBRARO Laura (*) |
| Member | BLANDINO Daniela |
| Member | PEDRAZZI Silvio |

(*) Independent member of the SB

***Information on the meetings of the Supervisory Board and a general description of the decisions taken***

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| **Number of the meetings in the reported period** | 28 |
| **by direct participation** | 17 |
| **by polling** | 11 |
| **Description of the key decisions** | **During 2024 the Supervisory Board approved** the Capitalization/Restructuring Program, Action Plan following SREP assessment results; the Agreement to be concluded with the NBU, the budget of the Bank; Annual Audit Plan as well as budget of the Internal Audit; the Audited annual financial statements of the Bank; approved recommendations to the General Meeting of the Shareholders on the Independent Auditors Report; results of AML/Sanctions/Anti-Bribery and Corruption Risk Profile Assessment of the Bank; ICAAP reporting package, Reports on annual assessment of activities and collective suitability of the Management Board, on annual assessment of activities of the Control Functions, the Report of the Management Board of the Bank; list of Risk takers; Report on remuneration of the MB Members; reports of AC, RMC; Remuneration and Incentive Policies and related internal documents; limits on interbank transactions with Intesa Sanpaolo SpA; **appointed** the new Members of the Management Board, inter alia, First Deputy Chairman of the Management Board; **re-elected** the composition of the AC, RMC; **established** the new SB Committee – Remuneration and Nomination Committee; **considered and acknowledged** updates from external auditors, status on the Bank's capital increase, Quarterly, Semi-Annual, Annual Compliance, AML, |

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|---|---|
| | Risk reports; the Status of Implementation of Problem Asset Management Strategy and Operational Plan 2022-2025; SREP evaluation results and NBU recommendations on AML perimeter with respective approval of action plans; quarterly Corporate Secretary reports, quarterly reports on the main legal cases; updates on the execution of capitalization plan; regular updates from the Chairman of the Management Board.<br>**In addition, the Supervisory Board ensured control over** monthly financial results; monthly NBU economic indicators reports; the Bank's budget fulfilment within quarterly financial reports of the CFO of the Bank; fulfilment of the NBU capitalization program and approval of its updates; considered the updates of AC, RMC, RNC activities; the NBU Indicators Status and Forecast; activities done by the control functions – Audit, Compliance, Risk Management.<br>**The SB during 2024 approved the following documents:**<br>**In part of Risk Management in order to ensure effective functioning of the Risk Management:**<br>✓ "Operational Risk Management Policy of "PRAVEX BANK" JSC<br>✓ "Guidelines on the Risk Appetite Framework of "PRAVEX BANK" JSC"<br>✓ ICT Risk Management Policy of "PRAVEX BANK" JSC<br>✓ "Risk Management Strategy and Policy of "PRAVEX BANK" JSC"<br>✓ "Risk Appetite Statement of "PRAVEX BANK" JSC"<br>✓ "Capital Adequacy Assessment Process (ICAAP) Report of "PRAVEX BANK" JSC on 01.01.2024". "Capital Adequacy Statement of "PRAVEX BANK" JSC on 01.01.2024"<br>✓ "Recovery Plan of "PRAVEX BANK" JSC"<br>✓ "Interest Rate Risk and Credit Spread Risk in the Banking Book Management Policy of "PRAVEX BANK" JSC"<br>✓ "Reputational Risk Management Policy of "PRAVEX BANK" JSC".<br>**In part of Compliance in order to ensure effective compliance culture:**<br>✓ Code of Ethics<br>✓ Operating Rules for Managing Compliance Macro-Processes (Compliance Rulebook) of "PRAVEX BANK" JSC.<br>**In part of AML framework in order to ensure effective financial monitoring in the Bank:**<br>✓ "PRAVEX BANK" JSC Guidelines for combating money laundering and terrorist financing and for managing embargoes"<br>✓ Anti-Corruption Guidelines of "PRAVEX BANK'' JSC.<br>**In part of corporate governance:**<br>✓ Regulation on Corporate Secretary of PRAVEX BANK KJSC<br>✓ Articles of Association (acknowledged)<br>✓ PRAVEX BANK JSC Supervisory Board Remuneration and Nomination Charter. |

**Information on the meetings of the Supervisory Board Committees and general information on the decisions taken**

| | Audit Committee | Risk Management Committee | Remuneration and Nomination Committee |
|---|---|---|---|
| **Number of committee meetings in the reporting period*.** | 13 | 9 | 3 |
| **direct participation** | 9 | 7 | 2 |
| **polling** | 4 | 2 | 1 |
| **Description of key decisions** | The following issues were considered and analyzed: Monthly financial results; Quarterly reporting package of the Bank; Annual financial statements of the Bank; Independent auditors' report on the annual financial statements of the Bank; Management report; Regular reports on compliance, financial monitoring, risk management; Reports on implementation of the Bank's documents; Regular reports on implementation of internal audit recommendations; Regular reports on activities of the Internal Audit Department; Annual/semi-annual report on the internal control system for financial information; Report on control functions Tableau de Board, Agreement with external auditors, Unscheduled audits; ICAAP audit opinions, Recovery Plan, updated internal documents of the CFO and the Compliance. | The following issues were considered and analyzed: Quarterly risk management reports; semi-annual CRO Tableau de Bord report; regular compliance reports; updated versions of internal risk management documents, ICAAP reporting package; review of the remuneration and incentive policy; Recovery Plan. | The following issues were considered and analyzed: Review of the remuneration policy; evaluation of the employment contract of a member of the Management Board Report on the verification of compliance with the qualification requirements of the Chairman and Members of the Supervisory Board, as well as the requirements of independence (for independent Members of the Supervisory Board), the Chairman and Members of the Management Board, the Head of the Internal Audit Department, CRO, CCO, AML Officier, chief accountant and one-time payment for heads of control functions and employees of the Internal Audit Department |
| **Assessment of the independence of audit entities providing statutory audit services** | The independence of the Bank's external auditor, Ernst & Young Audit Services LLC, was not jeopardized during the statutory audit of the | | |

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| | annual separate financial statements for 2023, which was carried out in accordance with the audit services agreement, and the requirements of the legislation on the independence of the external auditor were not violated. The independence of the external auditor is also reflected in the report of Ernst & Young Audit Services LLC. | | |

**Taking into account the ongoing martial law in Ukraine and the constant possibility of shelling, joint meetings of the Audit and Risk Management Committees were organized to discuss and consider issues within their competence more effectively and efficiently during the reporting year. Thus, it should be noted that the number of meetings of the Audit Committee and the Risk Management Committee includes the number of joint meetings of the Risk Management Committee and the Audit Committee.*

***Information on the report of the Supervisory Board:***

The report of the Supervisory Board for 2024 was approved by the decision of the Supervisory Board of the Bank dated 29.01.2025, Minutes No. 2_24, agenda item 23, and submitted to the General Meeting of Shareholders for further approval. In its report, the Supervisory Board assessed its composition and activities, as well as the Supervisory Board Committees, the competence and effectiveness of the Chairman and Members of the Supervisory Board, as a result of which the activities of the Supervisory Board and each member of the Supervisory Board in 2024 were assessed as effective and it was confirmed that the collective suitability of the Supervisory Board meets the established requirements, in particular:
**on the assessment of the composition, structure and activities of the Bank's Supervisory Board** was established:

- The composition of the SB fully complies with the laws of Ukraine and internal regulations in terms of: (1) the number of SB Members , (2) the presence of independent Members (at least one third - 3 Members ), (3) the absence of the fact that the SB Chairman heads the Bank's structural units and holds positions of the SB Chairman and SB Members in the Bank, (4) compliance with the requirement for the SB Chairman and SB Members to be capable individuals, who meet the qualification requirements for professional aptitude and business reputation established by law, (5) collective suitability of the SB, which corresponds to the size, specifics of the Bank's activities, nature and scope of Banking and other financial services, risk profile, systemic importance, activities of the Banking group to which the Bank belongs.
- the efficiency of the SB is maintained at the appropriate level in terms of (1) convening meetings in the majority in accordance with the approved Activity Plan for 2023, the average ratio of regular and extraordinary meetings is 61%/39%, (2) high level of attendance of SB Members at meetings of the SB and its Committees, the average indicator is 95%, (3) compliance with the Bank's strategic goals
- Ensuring review and approval of reports, documents, and other decisions within its competence

**to assess the competence and effectiveness of the Chairman and Members of the Supervisory Board of the Bank** were determined:

- *education and professional training* (higher education, experience in the Banking/financial sector - at least one third of the Members must have more than 3 years of relevant experience). The Supervisory Board fully meets the Bank's requirements in terms of available skills and experience given the size of the Bank, taking into account the significant relevant experience of the Chairman and Members of the Supervisory Board, which is sufficient for a full and in-depth analysis of all issues submitted to the Supervisory Board and the Supervisory Board Committees. The financial education and significant work experience gained by all Members of the Supervisory Board fully cover the Bank's products and risk profile.
- *independence of opinion and conflict of interest*

The Chairman and Members of the Supervisory Board have an independent opinion, which allows them to draw conclusions without being influenced by factors that compromise professional judgment, allowing them to act honestly, show objectivity and professional skepticism. During 2024, no facts of conflicts of interest were declared or revealed among the Members of the Supervisory Board

- *independence criteria for independent Members of the Supervisory Board*
  The independent Members of the Supervisory Board, namely Mr. Corrado Pietro Maria Casalino, Mr. Fabrizio Mallen, and Ms. Laura Febbraro, fully comply with the requirements for the independence of the Supervisory Board Members established by the Laws of Ukraine "On Joint Stock Companies", "On Banks and Banking Activities", other acts of the National Bank of Ukraine, and the Bank's internal documents.
- *impeccable business reputation*
  In 2024, no signs were identified that could indicate a violation of the requirements for impeccable business reputation of the Chairman and/or Members of the Supervisory Board.
- *time commitment*
  The Chairman and Members of the Supervisory Board make a significant contribution to the effective work of the Supervisory Board and the Supervisory Board Committees and devote sufficient time to fulfill their duties.

**regarding the assessment of the Supervisory Board's fulfillment of its objectives, the impact of decisions taken by the Supervisory Board during the reporting period on the achievement of its strategic goals,** it was found that

- In 2024, the Supervisory Board, within its competence as defined by the legislation and the Bank's statutory documents, carried out its activities to ensure the achievement of the Bank's strategic goals in accordance with the strategy determined by the General Meeting of Shareholders, made relevant decisions, approved internal documents on risk management, compliance, anti-money laundering, human resources policy, corporate governance to ensure the proper functioning of the risk management system in the Bank, compliance with the Bank's
- An important component of the Supervisory Board's activities in 2024 to comply with the Bank's strategy and achieve the Bank's goals was to maintain the Bank's financial stability, capital adequacy, compliance with legal requirements, identify possible threats to such stability, and promptly respond to threats to financial stability and/or avoid them. To this end, the Supervisory Board reviewed risk management reports, financial statements, compliance and financial monitoring reports, and promptly responded and provided recommendations to minimize risks.

**The activities of the Supervisory Board**, despite the difficult military situation in Ukraine, **led to the following results of the Bank's financial and economic activities:**

- uninterrupted operation of the Bank,
- improving the organization of AML/CFT activities in the Bank,
- expanding the financial investment policy,
- compliance with regulatory/prudential standards,
- resolving the issue of capitalization.

Detailed information on the Supervisory Board Report for 2024 is available on the Bank's website at the link: https://www.pravex.com.ua/o-Banke/pro-nas/rozkrittya-informaciyi

***Management Board***

**The Management Board** is **the collective executive body of the** Bank, which manages the Bank's day-to-day operations and is responsible for the efficiency of its work in accordance with the principles and procedure established by the Bank's Articles of Association, the Regulations on the Management Board, Decisions of the General Meeting of Shareholders (the Bank's Shareholder) and the Supervisory Board of the Bank.

In 2024, the Management Board consisted of the Chairman of the Management Board, First Deputy Chairman, Deputy Chairman of the Management Board and other Members of the Management Board, including the Bank's AML Officer.

As of 31.12.2024, **the personal composition of the Management Board and participation of the Management Board Members in the committees:**

| Full name of the Management Board member, term of office in the reporting period | Chairman (X) / Deputy Chairman (Y) of the Management Board | Chairman (X) / member (V) of a committee of the Management Board | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Credit Committee (CC) | Credit Risk Governance Committee (CRGC) | Non-Performing Asset Committee (NPAC) | Asset and Liability Management Committee (ALCO) | Operational Risk Committee (ORC) | Change Management Committee (CMC) | Information Security Management Committee (ISMC) | Crisis Governance Committee (CGC) | Tender Committee (TC) | Environmental, Social and Governance Committee (ESGC) |
| **Gianluca Corrias**, 01.01.2024-31.12.2024 | X | X | X | V | X | V | X | X | V | V | |
| **Andrea De Michelis** 22.08.2024-31.12.2024 | Y | V | V | V | V | V | V | V | V | V | X |
| **Semen Babayev**, 01.01.2024-31.12.2024 | Y | V | V | | V | | V | V | V | | V |
| **Svitlana Kramarova**, 01.01.2024-31.12.2024 | | | | | V | V | V | V | V | X | X |
| **Olena Pokhodziaieva**, 01.01.2024-16.02.2024 | | | V[1] | | V[1] | V | | V | V | | V |
| **Ruslan Leshchenko**, 01.01.2024-31.12.2024 | | V | V | V | V | | V | V | V | | V |
| **Oleh Yefremov** 19.02.2024-31.12.2024 | | | V[1] | | V[1] | V | | V | V | | V |
| **Liliia Ostakhova** 04.03.2024-31.12.2024 | | | | | | V | V | V | V | V | |

In 2024**, the following changes** took place in **the Management Board**:

1. voluntary dismissal of Ms. Olena Pokhodziaieva, CCO-Head of the Compliance and AML Department, AML Officer, with the last working day on February 16, 2024 (decision of the Supervisory Board of February 12, 2024, Minutes No. 3_24, item 1 of the agenda)
2. appointment of Mr. Oleh Yefremov, CCO-Head of the Compliance and AML Department, AML Officer, effective from 19.02.2024 (including the period from 19.02.2024 to 20.05.2024 as an acting head) (Decision of the Supervisory Board dated 12.02.2024, Minutes No. 3_24, item 1 of the agenda)
3. appointment of Ms. Liliia Ostakhova, Head of the COO Division, effective 04.03.2024 (Decision of the Supervisory Board dated 01.03.2024, Minutes No. 5_24, item 4 of the agenda)
4. appointment of Mr. Andrea De Michelis, First Deputy Chairman of the Management Board (Decision of the Supervisory Board dated 29.07.2024, Minutes No. 16_24, item 16 of the agenda), effective from 22.08.2024

***Information about the meetings of the Management Board and a general description of the decisions taken.***

Meetings of the Management Board are convened whenever necessary, but in any case at least twice a calendar month in accordance with the procedure provided for in the Regulation on the Management Board of the Bank and in accordance with the approved calendar of meetings of the Bank's collegial bodies. If necessary, the Management Board resolutions were adopted by absentee voting (polling) via e-mail in accordance with the procedure provided for in the Regulation on the Management Board of the Bank.

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| **Number of meetings of the collegial executive body in the reporting period** | **38** |
| **Direct participation:** | **29** |
| **Polling:** | **9** |
| **Description of key decisions of the collegial executive body:** | Approval of capitalization/restructuring programs, consideration of issues related to the capital increase process, approval of the Business Recovery Plan, consideration of the ICAAP reporting package, approval of the Bank's financial results, financial statements, updated information on the implementation of the capitalization program, reports of structural units, including reports on financial monitoring, compliance, RAF, RAS, ICAAP risk appetite limits and Business Recovery Plan indicators, consideration of audit reports and approval of the relevant action plans, the status of implementation of internal audit recommendations, approval of the asset sale plan, approval of lending to legal entities/individuals in accordance with the law and internal regulations, setting limits on interbank transactions, ensuring the annual budget proposal, approval of risk reassessment of outsourced functions, cancellation of outsourcing activities and approval of insourcing to the Bank, approval of expenses and internal documents in accordance with the internal regulations, taking into account the Group's documents, approving the suspension of the Bank's branches, approving the results of inventory, approving the results of collateral revaluation, etc. |

***Committees of the Management Board***

As at 31.12.2024, the Bank has the following **committees of the Management Board,** taking into account the requirements for committees mandatory by law, and the composition of which is as follows:

| Committee | Position | Name / Surname |
|---|---|---|
| ***Credit Committee*** | 1. Chairman of the Management Board (Chairman of the Committee) | 1. Mr. Gianluca Corrias; |
| | 2. First Deputy Chairman of the Management Board | 2. Mr. Andrea De Michelis; |
| | 3. Head of CLO Division | 3. Mr. Ruslan Leshchenko; |
| | 4. Head of Credit Department of CLO Division | 4. Ms. Oksana Yakymovska; |
| | 5. Head of CBO Division | 5. Mr. Semen Babayev; |
| ***Credit Risk Governance Committee*** | 1. Chairman of the Management Board (Chairman of the Committee) | 1. Mr. Gianluca Corrias; |
| | 2. First Deputy Chairman of the Management Board | 2. Mr. Andrea De Michelis; |
| | 3. Head of CLO Division; | 3. Mr. Ruslan Leshchenko; |
| | 4. Head of CBO Division; | 4. Mr. Semen Babayev; |
| | 5. CRO-Head of Risk Management Department (with a special veto power); | 5. Mr. Serhii Nastin |
| | 6. CCO-Head of Compliance and AML Department (with a special veto and voting right only on issues related to product management). | 6. Mr. Oleh Yefremov |
| ***Non-Performing Assets Committee*** | 1. CRO-Head of Risk Management Department (special veto power) (Chairman of the Committee) | 1. Mr. Serhii Nastin |
| | 2. Chairman of the Management Board | 2. Mr. Gianluca Corrias |
| | 3. First Deputy Chairman of the Management Board | 3. Mr. Andrea De Michelis; |
| | 4. Head of CLO Division | 4. Mr. Ruslan Leshchenko |
| | 5. Head of Credit Management Department of CLO Division | 5. Ms. Nataliia Yemelianova |
| ***Assets and Liabilities Management Committee*** | 1. Chairman of the Management Board (Chairman of the Committee) | 1. Mr. Gianluca Corrias |
| | 2. First Deputy Chairman of the Management Board | 2. Mr. Andrea De Michelis; |
| | 3. Head of CLO Division | 3. Mr. Ruslan Leshchenko |

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| | 4. Head of CBO Division | 4. Mr. Semen Babayev |
| | 5. Head of CFO Division | 5. Ms. Svitlana Kramarova |
| | 6. Head of Treasury and Markets Department of CFO Division | 6. Mr. Artem Krasovskyi |
| | 7. CCO- Head of Compliance and AML Department (with a special veto and voting right only on issues related to product management). | 7. Mr. Oleh Yefremov |
| ***Operational Risk Committee*** | 1. CRO - Head of Risk Management Department (special veto right) (Chairman of the Committee) | 1. Mr. Serhii Nastin |
| | 2. First Deputy Chairman of the Management Board | 2. Mr. Andrea De Michelis; |
| | 3. Chairman of the Management Board | 3. Mr. Gianluca Corrias |
| | 4. Head of COO Division | 4. Ms. Liliia Ostakhova |
| | 5. CCO-Head of Compliance and AML Department (special veto right) | 5. Mr. Oleh Yefremov |
| | 6. Head of CFO Division | 6. Ms. Svitlana Kramarova; |
| ***Change Management Committee*** | 1. Chairman of the Management Board (Chairman of the Committee) | 1. Mr. Gianluca Corrias |
| | 2. First Deputy Chairman of the Management Board | 2. Mr. Andrea De Michelis; |
| | 3. Head of CBO Division | 3. Mr. Semen Babayev |
| | 4. Head of CFO Division | 4. Ms. Svitlana Kramarova |
| | 5. Head of CLO Division | 5. Mr. Ruslan Leshchenko |
| | 6. Head of COO Division | 6. Ms. Liliia Ostakhova |
| | 7. Head of Organization and Project Management Office of HR and Organization Department | 7. Ms. Hanna Nesterenko (ad interim) |
| ***Information Security Management Committee*** | 1. Chairman of the Management Board (Chairman of the Committee) | 1. Mr. Gianluca Corrias |
| | 2. First Deputy Chairman of the Management Board | 2. Mr. Andrea De Michelis; |
| | 3. Head of CLO Division | 3. Mr. Ruslan Leshchenko |
| | 4. CCO-Head of Compliance and AML Department (special veto right) | 4. Mr. Oleh Yefremov |
| | 5. Head of CFO Division | 5. Ms. Svitlana Kramarova |
| | 6. CRO - Head of Risk Management Department (special veto right) | 6. Mr. Serhii Nastin |
| | 7. Head of CBO Division | 7. Mr. Semen Babayev |
| | 8. Head of COO Division | 8. Ms. Liliia Ostakhova |
| | 9. Head of Cybersecurity and Business Continuity Management Department | 9. Mr. Oleksii Sirakov. |
| ***Crisis Governance Committee*** | 1. Chairman of the Bank's Supervisory Board (Chief Crisis Manager) (Chairman of the Committee) | 1. Mr. Silvio Pedrazzi |
| | 2. Chairman of the Management Board | 2. Mr. Gianluca Corrias; |
| | 3. First Deputy Chairman of the Management Board | 3. Mr. Andrea De Michelis; |
| | 4. Head of CLO Division | 4. Mr. Ruslan Leshchenko; |
| | 5. Head of CFO Division | 5. Ms. Svitlana Kramarova |
| | 6. Head of COO Division | 6. Ms. Liliia Ostakhova; |
| | 7. Head of CBO Division | 7. Mr. Semen Babayev |
| | 8. CCO-Head of Compliance and AML Department (special veto right) | 8. Mr. Oleh Yefremov; |
| | 9. CRO - Head of Risk Management Department (special veto right) - | 9. Mr. Serhii Nastin |
| | 10. Head of Cybersecurity and Business Continuity Management Department | 10. Mr. Oleksii Sirakov |
| ***Environmental, Social and Governance Committee*** | 1. First Deputy Chairman of the Management Board (ESG Manager) (Chairman of the Committee) | 1. Mr. Andrea De Michelis |
| | 2. Head of CFO Division | 2. Ms. Svitlana Kramarova |
| | 3. Head of CLO Division | 3. Mr. Ruslan Leshchenko |
| | 4. Head of CBO Division | 4. Mr. Semen Babayev |
| | 5. CRO - Head of Risk Management Department (special veto right) | 5. Mr. Serhii Nastin |

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| | 6. CCO-Head of Compliance and AML Department (special veto right) | 6. Mr. Oleh Yefremov |
| | 7. Head of HR and Organization Department | 7. Ms. Hanna Nesterenko; |
| ***Tender Committee*** | 1. Head of CFO Division (Chairman of the Committee) | 1. Ms. Svitlana Kramarova |
| | 2. Chairman of the Management Board | 2. Mr. Gianluca Corrias |
| | 3. First Deputy Chairman of the Management Board | 3. Mr. Andrea De Michelis; |
| | 4. Head of the Planning and Control Department of CFO Division | 4. Ms. Iryna Barkar; |
| | 5. Chief Accountant-Head of the Accounting Department of CFO Division | 5. Ms. Hanna Baranovska; |
| | 6. Head of COO Division | 6. Ms. Liliia Ostakhova |

***Information on the meetings of the Management Board committees and a general description of the decisions taken***

As of 31.12.2024, the composition, competence, procedure for convening meetings and organization of activities of the committees of the Management Board of the Bank are determined by the Regulation on the Management Committees approved by the Management Board's decision dated 27.09.2024, Minutes No. 28_24, item 18 of the agenda and the Regulation on the Tender Committee approved by the Management Board's decision dated 30.08.2024, Minutes No. 26_24, item 16.2 of the agenda.

Meetings of the Management Board Committees were held in accordance with the requirements for their frequency and in accordance with the procedure set forth in the Regulation on the Management Committees and in accordance with the approved calendar of meetings of the Bank's collegial bodies.

| Name of the committee | Number of meetings in the reporting period | Direct partici pation | Polling: | Description of key decisions: |
|---|---|---|---|---|
| **Credit Committee** | 46 | 40 | 6 | Approval of loans, amendments/review of loan terms for corporate and retail clients, extension/renewal of limits on interbank transactions with financial institutions, accreditation of insurance companies, approval of tranche extensions, approval of non-application of penalties for violation of covenants, etc. |
| **Credit Risk Governance Committee** | 12 | 12 | - | Acknowledgement of the credit risk report, approving concepts for retail and corporate loan products, approving the loan product catalog, internal documents, taking into account the Group's documents, approving the terms of cooperation with collection companies, taking into account the results of post-sale monitoring in terms of loan products, etc. |
| **Non-Performing Assets Committee** | 32 | 31 | 1 | Approval of the loan portfolio classification in accordance with IFRS, IFRS provisioning, calculation of credit risk; taking into account the loan management report, the status of implementation of the Troubled Asset Management Strategy and the Operational Plan, the report on the early warning system, the results of the portfolio analysis for default events/approval of the judgment of no default, approval of borrower action plans, approval of NPL restructuring, write-off of impaired assets, |

| Name of the committee | Number of meetings in the reporting period | Direct partici pation | Polling: | Description of key decisions: |
|---|---|---|---|---|
| | | | | approval of voluntary settlement |
| **Assets and Liabilities Management Committee** | 20 | 13 | 6 | Acknowledgement of the liquidity forecast, funding cost report, approval of the securities portfolio plan, approval of reference rates, taking into account the financial risk report, granting authority to set variable tariffs (rates/commissions), taking into account reports on the use of the granted authority, setting variable tariffs for the Bank's customers, revision of standard rates/tariffs, approval of new product concepts/changes in product terms, taking into account the results of post-sale monitoring in terms of financial |
| **Operational Risk Committee** | 4 | 4 | - | Acknowledgement of the operational risk report, acknowledgement of internal documents/Group documents, other |
| **Change Management Committee** | 12 | 12 | - | Acknowledgement of the review of the project portfolio, approving the launch of new projects, acknowledgement of status reports on existing projects, taking into account the review of capital budget items, taking into account the review and queue of IT requests for improvements, etc. |
| **Information Security Management Committee** | 3 | 3 | - | Consideration of reports on information security and business continuity, reports on information and communication technologies, approval of internal documents and consideration of Group documents, consideration of proposals to ensure the continuity of the Bank's operations and IT infrastructure. |
| **Crisis Governance Committee** | - | - | - | It was not convened, as the committee is convened on an ad hoc basis, in times of crisis |
| **Tender Committee** | 13 | 9 | 4 | Approval of suppliers for the purchase of services and goods, approval of contractual limits. |
| **Environmental, Social and Governance Committee** | 5 | 5 | - | Taking into account the report on environmental, social and governance issues on the status of projects and initiatives, approving the list of projects and initiatives on environmental, social and governance issues. |

***Information on the report of the Management Board***

The Management Board Report for 2023 was approved by the decision of the Supervisory Board of the Bank dated 29.01.2025, Minutes No. 2_24, agenda item 24, which analyzed the activities and composition of the Management Board and its committees, the competence and efficiency of the Chairman and Members of the Management Board, the implementation of the action plan for improving the work of the Management Board for 2024, as a result of which the activities of the Management Board and each member of the Management Board in 2024 were assessed as effective and it was confirmed that the collective suitability of the Management Board meets the established requirements for collective suitability

**On the assessment of composition, structure and performance of the Management Board**

- The composition of the Management Board fully complies with the laws of Ukraine and internal regulations in terms of the number of Members of the Management Board in accordance with the Bank's Articles of Association - at least 3 (three) o the presence of a person responsible for financial monitoring among the Members of the Management Board, the absence of the fact that the Chairman of the Management Board heads the Bank's structural units and holds positions of the Chairman and Members of the Management Board in other legal entities, compliance with the requirement for the Chairman and Members of the Management Board to be capable individuals who meet the qualification requirements for
- The structure of the Management Board complies with the laws and regulations in terms of establishing a clear personal distribution of functions and powers of the Management Board Members, and establishing mandatory committees of the Management Board (Credit Committee and Assets and Liabilities Management Committee).
- The efficiency of the Management Board's activities was maintained at the appropriate level in terms of convening meetings in accordance with the approved work plan and calendar for 2023, the average ratio of regular and extraordinary meetings is 88%/12%, high level of attendance of the Management Board and its committees by the Members of the Management Board, the average indicator is 92.4%, adherence to the Bank's strategy and business plan with a focus on risk-oriented approach and cost optimization, compliance with regulatory requirements;
-

**On the assessment of competence and efficiency of the Chairman and Members of the Management Board**

The Chairman and Members of the Management Board meet the qualification requirements and professional suitability requirements established by the Supervisory Board, decision of 23.12.2024, Minutes No. 28_24, in part

- education and professional experience (higher education, work experience in Banking/financial sector: for the Chairman - at least 5 years, including 3 years as a 1st line manager, for Members - at least 3 years): The Management Board fully meets the Bank's requirements for available skills and experience in terms of the size of the Bank, taking into account the significant relevant experience of the Chairman and Members of the Management Board, which is sufficient for a full and in-depth analysis of all issues submitted for consideration by the Management Board and the Management Board Committees. The diversity of educational backgrounds (finance, economics, law, management) and the experience gained by all Members of the Management Board fully covers the Bank's business areas and risk profile;
- independence of opinion and conflict of interest: The Chairman and Members of the Management Board have independence of judgment, which allows them to express opinions without being influenced by any factors that would compromise their professional judgment, allowing them to act with integrity, objectivity and professional skepticism. In 2024, no facts of conflicts of interest were declared or revealed by the Members of the Management Board.
- time commitment: The Chairman and Members of the Management Board make a significant contribution to the effective work of the Management Board and Management Board Committees and devote sufficient time to fulfill their duties.
- impeccable reputation: During 2024, no signs were identified that could indicate a violation of the requirements for impeccable business reputation of the Chairman and/or Members of the Management Board.

The Management Board fully meets the requirements for available skills, experience, and collective suitability in accordance with the Bank's size, complexity, volume, types, nature of the Bank's operations, organizational structure, and risk profile.

According to the completed Matrix of the Management Board's collective suitability, the Members of the Management Board collectively have the knowledge, skills and experience necessary for the Management Board to fulfill its duties. As a collective body, the Management Board has an appropriate understanding of the areas of the Bank's activities for which the Management Board Members are collectively responsible, and also ensures effective management of the Bank.

**On the assessment of the fulfillment of the goals set by the Management Board of the Bank, the impact of decisions taken by the Management Board of the Bank during the reporting period on the achievement of the strategic goals set for the company**:
Despite the ongoing war in Ukraine and all the challenges it posed, the Management Board managed to achieve its key objectives in 2024, among other things,

- to update the Capitalization/Restructuring Program to achieve the required level of capital adequacy ratios based on the NBU requirements
- to increase the capital at the expense of the Parent Company’s own funds in the amount of EUR 26 million
- to increase interest income from the placement of funds received from the capital increase (UAH 1.1 billion) in NBU certificates of deposit (overnight)
- to enter into restructuring agreements with 2 major non-performing loans with a rate increase, obtaining additional collateral and reducing the value of the H7 ratio
- to reduce expenses on provisioning in 2024 by repaying NPLs and implementing loan restructuring measures
- to change the financial portfolio policy in terms of investments, namely to increase the terms and limits for government bonds (including government bonds to meet reserve requirements) and 3-month NBU certificates of deposit
- to introduce cost optimization initiatives by establishing a Cost Management Working Group to review the feasibility of all procurement and set an 80% limit on the use of budget funds
- to maintain good portfolio quality by using an early warning system, active negotiations with customers and loan restructuring to prevent overdue loans
- to comply with regulatory/prudential indicators
- to work on further digitalization of services, constantly improving PRAVEX Online
- to join government initiatives by organizing affordable financing for businesses seeking to implement projects aimed at increasing the country's energy independence, the state program - "National Cashback"
- to implement the NBU Credit Register 2.0 in the Bank; the first submission in October was successful, as were subsequent submissions
- to ensure proper implementation of regulatory requirements, proper financial monitoring and compliance with the law
- to integrate new regulatory capital requirements, ICAAP and ILAAP requirements, and updated functions of the Business Continuity Plan into the Bank's processes
- to prepare and submit to the NBU the ICAAP reporting package and update internal processes in accordance with additional clarifications of the NBU for the Banking system and the Bank as a whole
- to improve the Bank's operational efficiency and reduce the CIR;
- to ensure the uninterrupted operation of the branch network by purchasing and installing additional inverters in case of long-term power outages.

During the reporting year, the Management Board of the Bank took all measures to implement, in particular, the work plan for the period up to 2024,

1. The ESGC meetings were duly convened whenever the need arose, taking into account the war period. With the appointment of the First Deputy Chairman of the Management Board, Mr. Andrea De Michelis, who performs the role of ESG Manager, it was decided to convene the ESGC meeting once a month immediately after the CMC meeting, given their interconnectedness.
2. The study of the possibility of using the Microsoft cloud platform to store meeting materials was suspended due to other priorities and budgetary constraints.
3. The update of the Bank's Strategy and Business Plan was postponed until 2025, but the main goals for 2024 were duly implemented - working towards profitability, cost optimization and operational efficiency.

**Information on how the activities of the Bank's Management Board led to changes in the Bank's financial and business activities:**

- During 2024, the Management Board of the Bank paid special attention to the criticality of compliance with regulatory/prudential indicators, increasing capital at the expense of the Shareholder's own funds in the amount of EUR 26 million and fully complying with the regulatory capital adequacy ratio at the end of 2024 even after the introduction of new regulatory capital requirements (as of 31.12.2024, the regulatory capital adequacy ratio was 38.80% with a limit of

> 8.5% and is higher than the requirements of the Resilience Assessment, which required a level of 33.7% as of 09/30/2024; as of 12/31/2023, the regulatory capital adequacy ratio was 18.47% with a limit of > 10%)

- In addition, the focus was on improving the Bank's operating efficiency by reducing and optimizing operating and administrative expenses, including by reviewing the cost structure in line with the Bank's current needs through the establishment of an 80% limit on structural unit expenses and the successful implementation of optimization initiatives. As a result, total operating expenses were lower than budget by UAH -56 million or 6%, including the effect of the implemented cost optimization initiatives in the amount of UAH 13 million.
- In addition, due attention was paid to the quality of the portfolio through the successful restructuring of non-performing loans, in particular, the two main non-performing loans resulting in the settlement of NPL restructuring in the amount of UAH 278 million equivalent, interest rate increase by 0.75 percentage points, and repayment of USD 0.6 million for 2024.
- In addition, there was a significant increase in investments in government bonds denominated in the national currency - the portfolio of government bonds increased from UAH 200 million to UAH 2.2 billion in 2024. Investments in securities of foreign issuers also increased significantly - the portfolio of treasury instruments issued by the US government increased from USD 10 million to USD 30 million. This resulted in an increase in asset yields of approximately 100-150 bps in local currency and 20-50 bps in foreign currency.

Detailed information on the Management Board Report for 2024 is available on the Bank's website at the link: https://www.pravex.com.ua/o-Banke/pro-nas/rozkrittya-informaciyi

### 4.5. Information on the presence of a corporate secretary, as well as a report on the results of his/her activities

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| Name | Anastasia Dmytriieva until 31.01.2024<br>Daria Fedorova, effective from 01.03.2024 |
| Documents, regulating the activities of the corporate secretary | Bank's Articles of Association, Regulation on the Supervisory Board, Regulation on the Corporate Secretary, job description |
| The management body that made the decision to appoint the corporate secretary | Supervisory Board |
| Date and number of the resolution on the appointment of the corporate secretary | Minutes No. 9_21 of 29.06.2021, agenda item 10<br>Minutes No. 5_24 of 01.03.2024, agenda item 5 |
| Date and number of the resolution on approval of the corporate secretary's report for the reporting period | Minutes of the Supervisory Board No. 2_25 dated 29.01.2025, item 26 of the agenda |
| Main provisions of the report on the performance of the corporate secretary for the reporting period | During the reporting period, the Corporate Secretary ensured the preparation and holding of the General Meeting of Shareholders, meetings of the Supervisory Board, the Management Board and their committees, and managed the administrative activities of the unit.<br>In 2024, 28 meetings of the Supervisory Board were held, of which 17 were attended by the Supervisory Board Members and 11 by written voting; 13 meetings of the Audit Committee, 9 meetings of the Risk Management Committee, and 3 meetings of the Remuneration and Nomination Committee; 38 meetings of the Management Board, of which 29 were attended by the Management Board Members and 9 by written voting.<br>During the reporting period, the Corporate Secretary monitored the status of execution and implementation of decisions of the Bank's Supervisory Board, Committees of the Supervisory Board and the Management Board.<br>In accordance with the requirements of the Regulation on Disclosure of Information by Securities Issuers and Persons Providing Security for Such Securities (approved by the |

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| | NSSMC Decision No. 2608826 dated 06.06.2023), the Corporate Secretary ensured timely disclosure of information. Thus, disclosure of regular (annual and interim) information of the Bank as an issuer of securities and special information on changes in the composition of the Bank's officers, approval of remuneration reports of the Members of the Supervisory Board and the Management Board, information on the number of voting shares and the amount of the authorized capital, Information on the decision to place securities in an amount exceeding 25 percent of the authorized capital, Information on the issuer's decision to establish, terminate its branches and representative offices was ensured.<br>The Corporate Secretary, together with the Director of Legal Support and General Secretariat, ensured that the Bank's Articles of Association was brought in line with regulatory requirements, the Regulation on the Corporate Secretary was developed, legal support was provided for the Bank's capital increase, business reputation of the owner of a significant interest and the Bank's managers was checked, and a decision was made to apply the Corporate Governance Code approved by the NSSMC. |

**4.6. Description of the main characteristics of the issuer's internal control and risk management systems, as well as a list of the issuer's structural units that perform key duties to ensure the operation of the internal control and risk management systems**

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| The internal control system provides for a model of three lines of defense Yes/No | |
| Description of the functions of the first line of defense units and a list of key units | **Level I:** linear controls designed to ensure the correctness of operations (e.g., hierarchical, systematic and selective internal controls) and, to the extent possible, incorporated into IT procedures. Such controls are performed directly by operational and business units ("level I units"), including structural units whose sole task is to control and report to the responsible manager or that are performed as part of back-office operations. The primary responsibility for the risk management process lies with the Bank's business and support units; in the course of their day-to-day work, such units, in cooperation with the level II units and, where appropriate, the organizational unit, must identify, measure or evaluate, monitor, control and mitigate risks, and report risks arising from normal operating activities in accordance with the risk management procedure. They must comply with operational limits set in accordance with the risk objectives and procedures of the risk management process. |
| List of units and description of functions of the second line of defense units | **Level II:** Risk and compliance monitoring to ensure, among other things, that<br>– proper implementation of the risk management process;<br>– Compliance with operational restrictions set by various departments;<br>– compliance of operations with laws, regulations and internal policies, rules and procedures.<br>– assurance of the Bank's management that the risk control and management measures |

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| | implemented at the first level of protection have been implemented and are functioning properly.<br>The units responsible for such control are independent of the operating and business units and participate in the determination of the risk management policy and risk management process. Level II comprises the following organizational units of the Bank, if any ("Level II Controlling Units"):<br>- *Compliance and AML Department.*<br>- *Risk Management Department.* |
| List of units and description of functions of the third line of defense units | **Level III: an internal audit system** established to detect irregularities in procedures and rules, and to periodically assess the completeness, correctness and functionality (in terms of efficiency and effectiveness) and reliability of the organizational structure of other components of the internal control system (control levels I and II) and the IT system (ICT audit), at pre-determined intervals depending on the nature and severity of the risks.<br>The Bank's internal audit is performed by the Internal Audit Department. Audits may also be performed by the audit department of the Head Office of the parent company Intesa Sanpaolo.<br>The Internal Audit Department is subordinated to and accountable to the Bank's Supervisory Board.<br>The Head of the Bank's Internal Audit Department is subordinated to and reports to the Bank's Supervisory Board.<br>The Internal Audit Department, as an entity of the internal control system, carries out independent activities to assess the effectiveness of the Bank's corporate governance organization, risk management systems, internal control in the operational and financial areas of the Bank's activities, in the field of information systems and compliance with external and internal regulatory requirements. Audits are carried out in accordance with the annual audit plan, which is prepared on the basis of a risk-based approach and taking into account the requirements of the National Bank of Ukraine, as well as proposals and tasks received from the Bank's Supervisory Board, and approved by the Bank's Supervisory Board.<br>The results of the audits and key risks are submitted to the Bank's Supervisory Board for consideration. |
| Availability of approved document(s) defining the internal control system policy (including the compliance and internal audit system) | Yes. |
| List of key internal documents on the internal control system (including the compliance and internal audit system) | **1. Regulation on the Integrated Internal Control System of "PRAVEX BANK" JSC approved by the Supervisory Board of the Bank, Minutes No. 4_23 of 28.03.2023, item 13 of the Agenda.**<br>The purpose of the Regulation is to build the principles of functioning of the Internal Control System of "PRAVEX BANK" JSC . This is achieved by establishing the relevant rules and defining the responsibilities of bodies, organizational and management structures, including control units, which contribute to the proper functioning of the internal control system in various ways. In addition, this document defines the methods of coordination and |

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| | information flows that help ensure the integrity of the system.<br><br>**2. Opinion of the Internal Audit Department on the assessment of the internal control system, approved by the Supervisory Board Minutes No. 2_25 dated 29.01.2025**<br>The internal control system was assessed based on the results of the audits and the following criteria approved by the Supervisory Board (decision No. 10_20.10 dated 29.09.2020):<br>1) the Bank has an organizational structure of the internal control system, including the distribution of functions among control subjects with the possibility of clearly identifying the persons responsible for performing these functions;<br>2) availability of internal regulatory documents:<br>- principles of building an internal control system;<br>- Functions and powers of the Bank's employees and departments in the internal control system;<br>the procedure for interaction, decision-making and distribution of powers of the Bank's divisions in the course of internal control;<br>-the procedure for identifying deficiencies and organizing reporting on the functioning of the internal control system;<br>3) coverage of all operations and products of the Bank by control measures;<br>4) the procedure for controlling the functioning of the internal control system by the Bank's managers;<br>5) results of the assessment of the effectiveness of the Bank's risk management system;<br>6) results of assessment of the effectiveness of information flow management, including receiving and transmitting information, ensuring the functioning of the information security system;<br>7) compliance of the policy in certain areas of the Bank's activities and Bank procedures with the requirements of the legislation of Ukraine, regulations of the National Bank, internal Bank documents, standards of professional associations applicable to the Bank, consistency of internal Bank documents among themselves;<br>8) comprehensiveness, efficiency and adequacy of the established control measures and control over their implementation by the Bank's employees in accordance with the internal Banking documents;<br>9) the Bank has a control culture that includes timely recording and analysis of identified deficiencies in the internal control system, reporting of identified deficiencies to the Bank's managers within the powers determined by the Bank, taking timely and adequate measures to eliminate identified deficiencies.<br>The results of the internal control system assessment for 2024 indicate that the overall effectiveness of the internal control system is sufficient. For certain processes, the internal control system needs to be improved, in particular, for processes at the branch level, AML processes, outsourcing, contact center services, business continuity management, and project management. The main areas for improvement are reflected in the Internal Audit TdB. |

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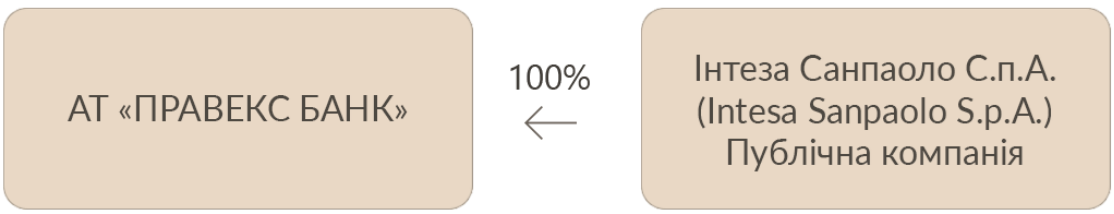
| Date and number of the decision to approve the report on the internal control system (including compliance risks) | Minutes of the Supervisory Board №2_25 dated 29.01.2025 |
| Main provisions of the internal control system report (including compliance risks) | **Compliance report for 2024**<br>In 2024, the Compliance and AML Department of "PRAVEX BANK" JSC successfully monitored compliance with regulatory requirements and internal policies of the Bank. No violations were detected during the inspections, in particular of the Pension Fund of Ukraine and the Deposit Guarantee Fund, although recommendations were made to improve the depositor database. The unit actively implemented the group's updated rules and monitored new legislative initiatives, analyzing more than 130 regulations. The unit also worked to promote compliance culture and manage incidents of non-compliance, and personal data protection reporting was in line with current regulations. Overall, the Bank successfully minimized compliance risks and ensured compliance with regulatory requirements.<br>**Risk management report for 2024**<br>In 2024, PRAVEX BANK successfully fulfilled the requirements of the National Bank of Ukraine (NBU) on risk management, implemented a three-tier capital structure and updated its credit, market, operational and liquidity risk policies. The Bank submitted a test ICAAP report and started preparations for the mandatory ILAAP report in 2025, and updated the "Recovery Plan" in accordance with the regulator's requirements.<br>Despite the martial law, the Bank implemented mechanisms for early warning of problem assets, restructured customer loans and complied with all regulatory indicators. Internal stress tests confirmed the stability of the institution. The key projects of the year included updating the NPX system, developing a new version of the Credit Register, and improving the calculation of risk-weighted assets (RWA) in accordance with Basel IV.<br>**The internal control system** was **assessed** by the internal audit based on the results of the audits and the criteria approved by the Supervisory Board (decision No. 10_20.10 dated 29.09.2020).<br>The results of the internal control system assessment for 2024 indicate that the overall effectiveness of the internal control system is sufficient. The internal control system needs to be improved in certain processes, in particular, processes at the branch level, AML, outsourcing, contact center services, business continuity management, and project management. |

### 4.7. Information on the availability of an approved issuer risk exposure declaration, as well as a description of the key provisions of the issuer risk exposure declaration

| 1 | 2 |
|---|---|
| Availability of an approved risk exposure declaration: Yes/No | Yes. |
| Description of the main provisions of the risk exposure declaration | Guidelines on the "PRAVEX BANK" JSC Risk Appetite Framework include:<br>- information on the functions and responsibilities of the collegial bodies and all involved departments;<br>- macro process of defining, approving, implementing and monitoring risk appetites, including escalation processes and information flows;<br>- The appendices disclose the values and calculation rules for the higher priority limit and specific local limits, early warning indicators of risk appetites set by the Parent Company.<br>The Risk Appetite Statement of "PRAVEX BANK" JSC , including references to the above document, contains:<br>- types of risks identified as primary risks and other drivers for setting risk appetites at the Bank level;<br>- determining the acceptable level of risk;<br>- risk indicators;<br>- key assumptions for consistency between the Business Plan, Budget and risk appetite;<br>- determining the level (value) of risk appetite;<br>- the level of risk appetites approved (in particular, the values of specific internal risk appetites required by the NBU and not yet covered by the two categories mentioned in the previous document);<br>- risks arising from the trading book as risks that should be avoided;<br>- internal and external factors that influence risk taking;<br>- The annexes highlight the basic definitions and rules for calculating specific internal risk appetites. |
| Name of the body that made the decision to approve the risk exposure declaration | Supervisory Board |
| Date and number of the decision to approve the risk exposure declaration | Guidelines on the "PRAVEX BANK" JSC Risk Appetite Framework approved by the Supervisory Board of the Bank in accordance with the Minutes No. 9_24 of 04.04.2024, item 8 of the Agenda.<br>Risk Appetite Statement of "PRAVEX BANK" JSC approved by the Supervisory Board in accordance with Minutes No. 13_24 dated 28.05.2024, item 1.2 of the Agenda. |

### 4.8. List of persons who directly or indirectly own a significant shareholding in the issuer

The Bank is a part of Intesa Sanpaolo Banking Group. Intesa Sanpaolo S.p.A. is the Bank's sole shareholder, owning 100% of the Bank's shares. A schematic representation of the Bank's ownership structure as at December 31, 2024 is presented below:



The Bank's ownership structure complies with the requirements established by the legislation of Ukraine. In 2024, there were no changes in the composition of the owners of significant interest. The Bank has the status of a Bank with foreign capital.

### 4.9. Information on any restrictions on shareholder participation and voting rights at the issuer's general meeting

In 2024, there were no cases of restrictions on the rights of participation and voting of shareholders (participants) at general meetings.

### 4.10. Procedure for appointment and dismissal of the issuer's officials (except for the Supervisory Board and the Management Board)

| Name of the official | Position title, name of the body that made the decision to appoint the official, date and number of the decision | Description of the key powers of the official | Procedure for appointment and dismissal of an official |
|---|---|---|---|
| Hanna Baranovska | Chief Accountant-Head of the Accounting Department of the CFO Division.<br><br>The appointment of an official by a collegial body is not provided for. | Ensuring the organization and control of the accounting/ tax accounting and reporting, and reporting to the IRFS. The main functional responsibilities are set out in the standard job | Appointed and dismissed by the Chairman of the Management Board of the Bank by issuing an order in accordance with the labor legislation of Ukraine. |
| Anastasia Dmytriieva | Corporate Secretary of the Legal and the General Secretariat Department<br><br>Minutes of the Supervisory Board No. 9_21 dated 06/29/2021, agenda item 10<br><br>31.01.2024 - dismissed from the position at her own request | Manages administrative activities related to general meetings of shareholders, meetings of the Bank's Supervisory Board, committees of the Bank's Supervisory Board and Management Board and committees of the Management Board.<br>Provides legal support in the area of corporate governance to the Bank's collegial bodies. The main functional responsibilities are set out in the job description, the Regulation on the Corporate Secretary, and the Regulation on the Supervisory Board. | Appointed to the position on the basis of a decision of the Supervisory Board by issuing an order in accordance with the labor legislation. Dismissed from the position by issuing an order in accordance with the labor legislation of Ukraine or by a decision of the Supervisory Board |
| Daria Fedorova | Corporate Secretary of the Legal and the General Secretariat Department<br><br>Minutes of the Supervisory Board No. 5_24 dated 01.03.2024, agenda item 5<br><br>01.03.2024 to 02.06.2024 Acting Corporate Secretary of the Legal Support Department and the General Secretariat | Manages administrative activities related to general meetings of shareholders, meetings of the Bank's Supervisory Board, committees of the Bank's Supervisory Board and Management Board and committees of the Management Board.<br>Provides legal support in the area of corporate governance to the Bank's collegial bodies. The main functional responsibilities are set out in the job description, the Regulation on the Corporate Secretary, | Appointed to the position on the basis of a decision of the Supervisory Board by issuing an order in accordance with the labor legislation. Dismissed from the position by issuing an order in accordance with the labor legislation of Ukraine or by a decision of the Supervisory Board |

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| | | and the Regulation on the Supervisory Board. | |
| Iryna Barkar | Head of the Planning and Control Department of the CFO Division<br><br>The appointment of an official by a collegial body is not provided for. | Provides support to senior management in the process of evaluating the overall performance and in the context of individual segments, as well as the Bank's strategic and market position;<br>Determines capital allocation strategies to optimize the use of capital and maximizing the Bank's value;<br>Manages the entire capital expenditure budget process and provides oversight of use of the Bank's funds.<br>The main functional responsibilities are set out in the job description. | Appointed and dismissed by the Chairman of the Management Board of the Bank by issuing an order in accordance with the labor legislation of Ukraine. |
| Tetiana Lysenko | Head of the Internal Audit Department<br><br>Minutes of the Supervisory Board No. 18_22.11 dated 22.12.2022, agenda item 11 | Ensuring continuous, independent and objective internal audit activities, compliance, adequacy and efficiency of the Internal Audit Department's resources to fulfill the annual audit plan, preparation and submission of reports in accordance with the Regulation on the Internal Audit Department and the requirements of the National Bank of Ukraine. The main functional responsibilities are set out in the job description. | Appointed to the position on the basis of the decision of the Supervisory Board by issuing an order in accordance with the labor legislation. Dismissed from the position by issuing an order in accordance with the labor legislation of Ukraine or by resolution of the Supervisory Board. |

### 4.11. Powers of the issuer's officials

The powers and duties of the Chairman, Deputy Chairman and Members of the Supervisory Board are determined by the Bank's Articles of Association, the Regulation on the Supervisory Board and relevant agreements.

The competence of the Chairman, First Deputy Chairman, Deputy Chairman and other Members of the Management Board is regulated by the Bank's Articles of Association, Regulation on the Management Board, Personal Distribution of Functions and Powers, as well as employment contracts

The powers and duties of the Corporate Secretary are set out in the job description, the Regulation on the Corporate Secretary, and the Regulation on the Supervisory Board.

The powers and duties of other officials provided for by law shall be established by job descriptions.

### 4.12. Information on remuneration of Members of the executive body and the issuer's supervisory board

***Information on remuneration of the Supervisory Board Members***

1. **The amount of remuneration accrued/paid for/prior periods and/or to be paid to the Members of the Supervisory Board based on the results of the financial year under review (in terms of fixed and variable components of remuneration, in cash and in non-cash instruments).**

In 2024, remuneration to the Members of the Bank's Supervisory Board was paid in accordance with the Decisions of the Bank's Shareholder dated April 22, 2021 No. 1/2021, November 06, 2023, No. 5/2023 and April 22, 2024 № 3/2024 on the basis of civil law contracts concluded with the Members of the Bank's Supervisory Board for performing the duties of the Supervisory Board Members , including as Members of the Supervisory Board committees during the reporting year.

According to the decision of the Bank's Shareholder, remuneration is paid to only four Members of the Supervisory Board: three independent Members and the Chairman of the Supervisory Board.

The total annual (fixed) remuneration paid to the Supervisory Board Members during 2024 amounted to EUR 47,820.38 after tax and included fixed remuneration and other compensation payments stipulated by the relevant agreements (including compensation for delivery services, certification of documents, etc.).

2. **Terms of remuneration payment (actually paid remuneration and deferred remuneration by deferral periods).**

All Members of the Supervisory Board were paid remuneration on December 16, 2024 on a pro rata basis in accordance with the term of their powers in accordance with the procedure set out in the civil law contracts concluded with the Members of the Supervisory Board entitled to receive remuneration.

The remuneration accrued to the Members of the Supervisory Board was paid in non-cash form by crediting it to their foreign currency accounts.

3. **Description of non-monetary instruments in which remuneration to the Members of the Supervisory Board is to be paid.**

No remuneration is paid to the Supervisory Board Members in the form of non-monetary instruments.

4. **Facts of the Bank's exercise of the right to reduce/cancel/refund the variable remuneration previously paid to the Supervisory Board Members .**

There are no facts of the Bank's use of this right, as variable remuneration to the Supervisory Board Members is not provided.

5. **Violations of the terms of the remuneration regulations detected by the Bank and measures or decisions taken as a result of such violations**.

No violations of the provisions of the Remuneration and Incentive Policies of "PRAVEX BANK" JSC were detected.

***Additional information***

1. **Actual attendance of a member of the Supervisory Board at meetings of the Board and its committees of which such member is a member, or reasons for his/her absence***:*

The absence of all Members from the meetings was due to valid reasons, mainly business commitments, but this did not jeopardize the effectiveness of the meetings.

| Member of the Supervisory Board | Supervisory Board | Audit Committee | Risk Management Committee | Remuneration and Nomination Committee |
|---|---|---|---|---|
| Mr. Silvio Pedrazzi | 28/28 (100%) | - | - | 3/3 (100%) |
| Mr. Corrado Pietro Maria Casalino (independent member) | 28/28 (100%) | 13/13 (100%) | 9/9 (100%) | - |
| Mr. Fabrizio Mallen (independent member) | 28/28 (100%) | - | 9/9 (100%) | - |
| Ms. Laura Febbraro (independent member) | 28/28 (100%) | 12/13 (92%) | - | 3/3 (100%) |
| Mr. Francesco Del Genio | 26/28 (93%) | - | 8/9 (89%) | - |
| Ms. Daniela Blandino | 22/28 (78%) | - | - | 3/3 (100%) |
| Mr. Antonio Giovanni Maria Bergalio | 25/28 (89%) | 10/13 (77%) | - | - |
| Average attendance rate | 94% | 90% | 96% | 100% |

2. **Confirmed facts of unacceptable behavior of a member of the Supervisory Board (including those reported in confidence) and measures taken as a result of the investigation if such facts/measures have an impact on the payment of remuneration to a member of the Supervisory Board**.

There are no facts of unacceptable behavior of a member of the Supervisory Board (including those reported in confidence).

3. **Presence / absence of reasonable grounds for payment / deferral / reduction / refund of variable remuneration of a member of the Supervisory Board.**

Variable remuneration is not provided for the Members of the Supervisory Board. Accordingly, there are no grounds for payment / deferral / reduction / refund of variable remuneration.

***Other information about remuneration***

1. **Information on payments in cash and/or non-monetary instruments made in favor of the Supervisory Board Members .**

*1.1. the amount of payments related to hiring/dismissal;*

The Bank did not make any payments in cash or in kind in connection with the hiring (election) or dismissal (termination of powers) of a member of the Supervisory Board

*1.2. market value of remuneration paid by means of material incentives*

No remuneration was paid to the Supervisory Board Members in the form of material incentives.

2. **Information on remuneration in the form of participation of the Supervisory Board Members in the supplementary pension program.**

*2.1. in case of participation in a defined benefit plan, changes in the planned benefits that occurred during the reporting financial year;*

Members of the Supervisory Board do not participate in additional pension programs

*2.2. in case of participation in a defined contribution program - in respect of contributions paid by the Bank in respect of the Supervisory Board Members during the reporting financial year.*

Members of the Supervisory Board do not participate in additional pension programs.

3. **Information on the Bank's provision of loans, credits or guarantees to the Members of the Supervisory Board during the reporting financial year.**

The Bank did not provide loans, credits or guarantees to the Members of the Supervisory Board. Detailed information on the report on remuneration of the Supervisory Board Members is available at https://www.pravex.com.ua/o-banke/pro-nas/rozkrittya-informaciyi .

***Information on the remuneration of the Members of the Management Board and influential persons***

1. **The amount of remuneration accrued/paid for/prior periods and/or to be paid to the Members of the Management Board, influential persons based on the results of the financial year under review (in terms of fixed and variable components of remuneration, in cash and non-cash instruments).**

The total annual (fixed) remuneration paid to the Members of the Management Board during 2024 amounted to UAH 13,788,590.49 after tax.

The total annual (fixed) remuneration paid to the influential persons during 2024 amounted to UAH 14,388,319.00 after tax.

These amounts include basic salary and other compensation payments stipulated by the respective employment contracts (including the cost of benefits provided for therein, such as health insurance, use of company and leased cars, business and representation expenses, business trips and all work permits in Ukraine, transportation of personal belongings).

The total annual (variable) remuneration paid to the Members of the Management Board during 2024 amounted to UAH 133,734.65 after tax.

The total annual (variable) remuneration paid to the influential persons during 2024 amounted to UAH 1,743,595.00 after tax.

2. **Terms of remuneration payment (actually paid remuneration and deferred remuneration by deferral periods).**

In accordance with the Regulations on Remuneration and Bonuses of the Bank's Employees, as well as employment contracts concluded with the Members of the Management Board and the influential persons, remuneration was paid twice a month (on the 1st and 16th of each month, if these days fall on weekends, remuneration is paid the day before). There were no cases of deferred payment of remuneration.

3. **Description of non-monetary instruments in which remuneration is to be paid to Members of the Management Board and influential persons.**

No remuneration was paid to the Members of the Management Board or to the influential persons in the form of non-monetary instruments.

4. **Facts of the Bank's exercise of the right to reduce/cancel/refund variable remuneration previously paid to the Members of the Management Board and influential persons.**

There are no facts of the Bank's use of the right to reduce/cancel/refund previously paid variable remuneration to the Members of the Management Board and influential persons.

5. **Violations of the terms of the remuneration regulations detected by the Bank and measures or decisions taken as a result of such violations**.

During the reporting period, no violations of the terms of the Bank's Remuneration Policy were detected.

**ADDITIONAL INFORMATION**

1. **Actual attendance of a member of the Management Board at meetings of the Management Board and its committees of which such member is a member, or reasons for his/her absence**.

In 2024, the Management Board Members were absent from meetings due to vacations, temporary disability and business trips.

| Member of the Management Board | Management Board | Credit Committee | Non-Performing Assets Committee | Credit Risk Governance Committee | Assets and Liabilities Management Committee | Operational Risk Committee | Change Management Committee | Information Security Management Committee | Tender Committee | Environmental, Social and Governance Committee |
|---|---|---|---|---|---|---|---|---|---|---|
| **Mr. Gianluca Corrias** | 32/38 (84,2%) | 36/46 (78%) | 26/32 (81%) | 11/12 (92%) | 17/20 (85%) | 4/4 (100%) | 11/12 (92%) | 2/3 (67%) | 9/14 (64%) | - |
| **Mr. Andrea De Michelis** | 13/14 (93%) | 28/30 (93%) | 21/23 (91%) | 4/4 (100%) | 5/5 (100%) | 1/1 (100%) | 4/4 (100%) | 2/2 (100%) | 4/5 (80%) | 2/2 (100%)1 |
| **Mr. Semen Babaiev** | 34/38(89%) | 42/46 (91%) | - | 11/12 (92%) | 18/20 (90%) | - | 10/12 (83%) | 3/3 (100%) | - | 5/5 (100%) |
| **Ms. Svitlana Kramarova** | 36/38 (95%) | - | - | - | 14/20 (70%) | - | 12/12 (100%) | 3/3 (100%) | 14/14 (100%) | 5/5 (100%) |
| **Ms. Lilia Ostakhova** | 28/29 (96%) | - | - | - | - | 3/3 (100%) | 8/10 (80%) | 3/3 (100%) | 12/12 (100%) | 5/5 (100%) |
| **Ms. Olena Pokhodziaieva*** | 6/6 (100%) | - | - | - | - | 1/1 (100%) | - | - | - | - |
| **Mr. Oleh Yefremov*** | 31/31 (100%) | - | - | 5/5 (100%) | 5/5 (100%) | 3/3 (100%) | - | 2/3 (67%) | - | 3/5 (60%) |
| **Mr. Ruslan Leshchenko** | 36/38 (95%) | 41/46 (89%) | 30/32 (94%) | 12/12 (100%) | 19/20 (95%) | - | 10/12 (83%) | 2/3 (67%) | - | 5/5 (100%) |
| **Average presence rate** | **96%** | **88%** | **89%** | **97%** | **90%** | **100%** | **90%** | **86%** | **86%** | **93%** |

*as a member of the ALCO and the CRGC with voting rights on issues related to product management.

Some Members of the Management Board actively participated in the work of certain Committees of the Management Board as permanent invitees, although they are not Members of them, namely:

- Mr. Semen Babayev - Non-Performing Asset Committee;

- Ms. Svitlana Kramarova - Non-Performing Assets Committee, Credit Risk Management Committee;
- Ms. Olena Pokhodziaieva - Credit Committee, Non-Performing Asset Committee, Change Management Committee, Tender Committee;
- Mr. Oleh Yefremov - Credit Committee, Non-Performing Asset Committee, Change Management Committee, Tender Committee;
- Ms. Lilia Ostakhova - Environmental, Social and Governance Committee.
-

2. **Confirmed facts of unacceptable behavior of a member of the Management Board, an influential person (including those reported in confidence) and measures taken as a result of the investigation if such facts/measures have an impact on the payment of remuneration to a member of the Management Board, an influential person**.

During the reporting period, there were no facts of unacceptable behavior of the Management Board Members or influential persons (including those reported in confidence).

3. **Presence / absence of reasonable grounds for payment / deferral / reduction / refund of variable remuneration of a member of the Management Board, an influential person.**

In 2024, no facts were identified that would give the Bank grounds to demand the return, deferral or reduction of variable remuneration previously paid to the Members of the Management Board and influential persons. The payment of variable remuneration to the Members of the Management Board and influential persons was made on the grounds provided for in the Bank's remuneration policy.

**OTHER INFORMATION ABOUT REMUNERATION**

1. **Information on payments in cash and/or non-monetary instruments made in favor of Members of the Management Board, influential persons.**

   1.1. *the amount of payments related to hiring/dismissal;*

   As for the Management Board Members , Ms. Olena Pokhodziaieva, CCO-Head of Compliance and AML Department, AML Officer, was dismissed on 16.02.2024 in accordance with Article 38 of the Labor Code of Ukraine. Upon her dismissal, Ms. Olena Pokhodziaieva was paid a severance payment in the amount of UAH 133,734.65 after tax, which is equal to the average salary for the last 6 months in accordance with the Law of Ukraine No. 3111-IX dated 29.05.2023.

   No severance pay was paid to influential persons.

   1.2. *market value of remuneration paid by means of material incentives*

   There are no corresponding payments in 2024.

2. **Information on remuneration in the form of participation of Members of the Management Board and influential persons in the supplementary pension program.**

   2.1. *in case of participation in a defined benefit plan, changes in the planned benefits that occurred during the reporting financial year;*

   The Members of the Management Board and influential persons do not participate in additional programs

   2.2. *in case of participation in a defined contribution plan - in respect of contributions paid by the Bank in respect of Members of the Management Board and influential persons during the reporting financial year.*

   The Members of the Management Board and influential persons do not participate in additional pension programs

3. **Information on loans, credits or guarantees granted by the Bank to Members of the Management Board, influential persons during the reporting financial year.**

During the reporting period, the Bank did not provide loans, credits, or guarantees to Members of the Management Board or influential persons.

Information on existing loans, borrowings and guarantees received in previous periods:

1. Semen Babayev, Deputy Chairman of the Management Board - mortgage loan as of December 31, 2024 - balance of UAH 206,110.27, interest rate - 12%.

Detailed information on the report on remuneration of the Management Board Members and the Bank's influential persons is available at https://www.pravex.com.ua/o-banke/pro-nas/rozkrittya-informaciyi .

### 4.13. Main provisions of the issuer's information disclosure policy

The information disclosure policy of “PRAVEX BANK” JSC is based on the principles of transparency, accessibility, reliability and compliance with legal requirements. The main regulatory document governing the information disclosure procedure is the "Regulation on Disclosure of Information by Issuers of Securities and Persons Providing Security for Such Securities", approved by the decision of the National Securities and Stock Market Commission No. 608 dated 06.06.2023

According to the Regulation, issuing companies are required to regularly disclose reports on their financial activities, as well as to report key events that may affect their operations or ownership structure. The information must be reliable, up-to-date and disclosed in a timely manner through official sources, in particular, on the company's website and in the NSSMC database. Particular attention is also paid to events that may significantly affect the company's activities, such as changes in management, reorganization, issuance of new financial instruments or significant financial liabilities. Compliance with the requirements of this Regulation is aimed at increasing the transparency of the stock market, ensuring investor confidence and creating conditions for the stable functioning of the financial system.

“PRAVEX BANK” JSC discloses information in full compliance with the Regulation of the National Securities and Stock Market Commission No. 608 dated 06.06.2023, which regulates the procedure, terms and forms of disclosure of data on securities issuers, thereby ensuring a high level of transparency, accessibility and responsibility to investors, shareholders and regulators.

### 4.14. Information about the advisor

The Bank does not have a corporate rights advisor.

## 5. REPORT ON THE ISSUER'S SUSTAINABLE DEVELOPMENT

### 5.1. Assessment of the issuer's environmental and social responsibility activities for the reporting period

In 2024, PRAVEX BANK continued to actively implement the principles of the UN Global Compact, which it joined in May 2023. The Bank has committed to adhere to the 13 Sustainable Development Goals in four key areas: human rights protection, labor relations, environmental protection and anti-corruption.

Taking care of the environment, PRAVEX BANK implements environmental initiatives that comply with the principles of the UN Global Compact. The Bank is convinced that biodiversity conservation is important not only in protected areas but also in the urban environment.

In 2024, the Bank launched a waste sorting program. Special containers for separate collection of paper, plastic and glass were installed in all branches.

Thanks to the active participation of our employees, we managed to raise the amount over the year:

- 5,700 kg of waste paper,
- 30 kg of plastic,
- 45 kg of glass.

The most active participants in the sorting were the Head Office, Vinnytsia and Poltava regional directorates. PRAVEX BANK will continue to develop environmental initiatives, helping to reduce the negative impact on the environment.

On the occasion of the Banker's Day and on the eve of the Children's Day, PRAVEX BANK together with the National Bank of Ukraine traditionally organized a marathon of financial literacy events for preschool and school-age children.

Seven Bank employees became ambassadors of the initiative and conducted nine lessons in educational institutions across Ukraine. The project not only helped children gain important financial knowledge, but also emphasized the role of lifelong learning as a key element of sustainable development and improving the quality of life.

At PRAVEX BANK, we believe that education begins with language. That is why we have launched the "Shchebetunka" project to help our employees improve their knowledge of the Ukrainian language, reveal its beauty, richness and expressiveness. The project aims to make everyone feel confident in their language literacy and be able to use Ukrainian fluently in everyday life. We are convinced that access to quality education is the key to personal development and success.

PRAVEX BANK, together with the Kyiv City Blood Center, has been implementing the Corporate Donor Day social project for the second year in a row. In 2024, 113 participants joined the initiative, including employees, partners and friends of the Bank. For example, in 2024, the famous Ukrainian TV presenter and public figure Oleksiy Sukhanov joined our project.

In 2024, almost 60 liters of blood were donated to the Kyiv City Blood Center. In total, over 180 employees of the Bank donated 90 liters of blood in two years. Such initiatives contribute to the achievement of the UN Sustainable Development Goals and are in line with the ESG principles that guide the Bank's development strategy.

In terms of social responsibility, the Bank forms its HR policy on the basis of principles that promote the creation, maintenance and development of highly qualified and efficient staff capable of responding quickly to market changes and jointly achieving the strategic goals of the organization. Employees are the most valuable resource for the Bank, and therefore it provides equal opportunities for evaluation, motivation, career development and participation in new initiatives and projects that contribute to the achievement of objectives, as well as addressing social and personal issues of employees. All employees have social guarantees in accordance with the laws of Ukraine. The Bank provides equal employment opportunities without any discrimination on the basis of age or gender and provides career development opportunities for young people - students and graduates of educational institutions. In accordance with the Labor Code of Ukraine, as well as PRAVEX BANK's own Principles of Diversity and Inclusion, the Bank strictly adheres to the principles of equality and diversity in its activities. The company has no discrimination or harassment in the workplace. The Bank promotes an environment in which employees treat each other with mutual respect, and values and supports the diversity of views, abilities, experience, and needs of its staff.

The Bank's employees have the opportunity to improve their skills by participating in trainings, seminars and other events that promote the development of professional skills, including through the exchange of experience. Training takes place both at the Bank's level and within the Group. The Bank makes systematic investments in staff training and development and actively uses its own talent pool to fill managerial positions. Employees are involved in various trainings aimed at improving their professional level, managerial knowledge and skills, developing soft skills, etc. In 2024, the Bank organized and conducted 56 internal training programs for 711 participants, covering both soft and hard skills. The Bank also organized the participation of employees in 68 external training programs and conferences. During the year, 618 employees of the Bank spent 5290 hours on ESG (environmental, social and governance) training. The main topics were human rights, diversity and inclusion, occupational health and safety, sustainable development and anti-corruption.

Throughout the year, the Bank actively organized seminars for students, including four seminars on financial literacy.

The Bank implements ESG principles through the Internal Code of Conduct of PRAVEX BANK, which defines ethical standards for relationships within the organization and with clients. The Code helps to maintain the organizational and ideological unity necessary for sustainable development and is the basis for doing business, which allows us to provide high-quality services to our customers.

In the face of external challenges caused by the full-scale invasion, PRAVEX BANK, with the support of the parent company, is implementing projects to help employees restore psychological stability. In 2024, the professional psychological support service "Care Connect" provided by the European consulting company Stimulus continued to operate. This free and confidential service is available 24/7 to all Bank employees.

The Bank also cares about physical health: all employees of the Bank are included in the International Medical Program. The International Healthcare Program provides employees with access to an expert second medical opinion, access to precision medicine for certain cancer diagnoses, insurance coverage for the treatment of diseases and payment for medical procedures.

In the reporting period, the Bank implemented a number of business initiatives that comply with ESG principles. In the area of environmental responsibility, the Bank agreed on preferential lending terms for business clients for energy efficiency measures, which helps to reduce the carbon footprint and increase energy independence of the business. In the social dimension, the NBU simplified access to Banking services for entrepreneurs through online account opening for private entrepreneurs and legal entities, which increases financial inclusion and reduces administrative burden. In addition, the possibility of opening a corporate card and a term deposit for private entrepreneurs through a mobile application was introduced, which improves the digitalization of financial transactions. The Bank has intensified digital transformation of processes by using digital signature for signing contracts, which increases the efficiency and transparency of interaction with clients, and reduces the use of paper documents, contributing to the environmental friendliness of operations.

### 5.2. Key risks and challenges related to environmental protection and social responsibility, plans to address them, and their impact on the issuer's strategic goals

PRAVEX BANK JSC faces a number of environmental and social challenges that may affect its sustainable development strategy. The main risks include:

- Environmental risks: growing demands for environmental responsibility, regulatory pressure, and risks associated with financing projects that may have a negative impact on the environment.
- Social risks: the need to comply with the principles of social responsibility, business transparency, equal opportunities and support for local communities.

To minimize these risks, the Bank implements the following strategies:

- Environmental policy: reducing our own environmental footprint, financing green initiatives and supporting sustainable business.
- Social initiatives: active engagement with communities, implementation of corporate social responsibility programs, and creation of an inclusive work environment.

The implementation of these measures will help achieve the Bank's strategic goals, including enhancing its reputation, customer confidence and long-term business sustainability.

By implementing the ESG principles, PRAVEX BANK integrates the UN Global Compact into its strategy, corporate culture, and daily operations. The Bank is also actively involved in joint projects that contribute to the achievement of the UN Sustainable Development Goals.

Adhering to the ESG principles, PRAVEX BANK implements its own long-term sustainable development strategy, which provides for:

- minimizing environmental impact and rational use of resources,
- care for the health of employees,
- adherence to high ethical business standards and anti-corruption norms,
- open dialog with the public and the team.

PRAVEX BANK is implementing a long-term development strategy based on the UN Sustainable Development Goals and in line with ESG principles. Its sustainability efforts are aimed at minimizing environmental impact, efficient use of resources, ensuring employee health, conducting business on the basis of ethics and compliance with anti-corruption standards, as well as open dialogue with society and employees.

### 5.3. Main provisions of the issuer's policy on environmental protection and social responsibility

“PRAVEX BANK” JSC adheres to the principles of sustainable development and integrates environmental and social aspects into its activities. The main provisions of the Bank's policy in this area include:

- Environmental responsibility
    - Reducing the negative impact on the environment by optimizing the use of energy resources, reducing waste and implementing environmental standards in our operations.
    - Support for financing environmentally friendly projects and green initiatives.
    - Compliance with environmental legislation and international environmental standards.
- Social responsibility
    - Adherence to the principles of ethics and transparency in business processes.
    - Protecting the rights of employees, creating safe and comfortable working conditions, and ensuring equal opportunities.
    - Interaction with local communities and participation in socially important initiatives.
- Anti-corruption standards and corporate governance
    - Implementation of mechanisms to prevent corruption and ensure compliance with international ESG standards.
    - Strengthening the culture of open dialogue with society and stakeholders.

These measures help to increase business sustainability, improve the Bank's reputation and its compliance with international sustainability standards.

In addition, PRAVEX BANK, as a member of the UN Global Compact, integrates 13 Sustainable Development Goals into its ESG strategy. Among them are poverty eradication, quality education, gender equality, decent work and economic growth, development of innovations and infrastructure, responsible consumption, climate change and other important areas.

Assessment of social and environmental risks is an integral part of the Bank's investment and lending decisions. PRAVEX BANK adheres to the principle that economic activity should be profitable, but at the same time not harmful to society and the environment.

In accordance with this approach:

- The Bank does not finance projects that violate fundamental human rights or have a negative impact on public health or the environment.
- Supports peaceful coexistence by refusing to finance activities that may pose a threat to society.
- He prefers projects with high social and environmental significance.

PRAVEX BANK actively implements ESG (Environmental, Social, and Governance) principles aimed at preserving the ecological balance and responsible use of natural resources. The implemented effective environmental management system is based on the principles of the "green economy", which contributes to sustainable development in all areas of the Bank's activities.

### 5.4. List of issues and decisions on environmental protection and social responsibility considered by the issuer's board and executive body

<table>
<tr>
<td rowspan="2">1. List of issues considered by the Board and a summary of the decisions that were made Accepted:</td>
<td>Decision of the Supervisory Board dated 19.02.2024, Minutes No. 4_24, agenda item 16 - Approval of the updated version of the document "Anti-Corruption Policy of “PRAVEX BANK” JSC (2024)<br>The Anti-Corruption Policy of “PRAVEX BANK” JSC was updated to bring it in line with the requirements of Intesa Sanpaolo Group and international standards. The main changes relate to strengthening control over corruption risks, integration of international standards and improvement of mechanisms for preventing corruption.<br>Key updates to the Policy<br>- Expanding the regulatory framework<br>o The Policy includes additional international documents in the field of corruption prevention, which reflects the Bank's commitment to comply with global compliance standards.<br>- Implementation of the international standard ISO 37001:2016<br>o ISO 37001:2016 (Anti-Corruption Management Systems) is integrated into the corruption risk management processes.<br>o The highest risk areas were identified, and macro processes related to identifying and minimizing corruption threats in the Bank were improved.<br>- Regulation of interaction with business intermediaries ("Business Introducers")<br>o The policy provides for the possibility of engaging third parties to assist the Intesa Sanpaolo Group in establishing relationships with potential or existing customers and to promote its business.<br>o Clear requirements have been established for business introducers, including their verification of compliance with ethical standards and principles of corruption prevention.<br>Updating the Policy helps to improve the effectiveness of anti-corruption control, strengthen compliance with international standards and reduce risks to the Bank's reputation.</td>
</tr>
<tr>
<td>Decision of the Supervisory Board dated 24.04.2024, Minutes No. 11_24, Agenda item 14 - Approval of the updated version of the internal document "Code of Ethics"<br>The Code of Ethics of PRAVEX BANK JSC was updated based on the corporate principles of the Intesa Sanpaolo Group, with a special emphasis on sustainable development, which is one of the four key areas of the business plan for 2022-2025.<br>The updated version of the Code reinforces the Bank's core values and ethical principles, expanding the concept of equality by integrating the principle of inclusiveness. In addition, special attention is paid to environmental responsibility, including combating climate change, protecting nature and biodiversity, and supporting the transition to a green and circular economy.<br>Main sections of the updated Code of Ethics<br>- Articles of Association of relations<br>o Defines the mission, principles and values that guide the Intesa Sanpaolo Group.<br>o It sets out the Bank's obligations and responsibilities to society, customers, employees and partners.<br>- Principles of behavior in relations with stakeholders</td>
</tr>
</table>

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| | o Regulate the standards of ethical behavior in interaction with clients, partners, investors, employees and the public.<br>o This includes measures to ensure transparency, responsibility and ethical business conduct.<br>- Implementation and management mechanisms<br>o Determine the procedures for implementing and monitoring compliance with the Code of Ethics.<br>o It contains monitoring tools, internal control mechanisms and a system of liability for violation of its provisions.<br>The update of the Code of Ethics confirms the Bank's commitment to the principles of sustainable development, corporate social responsibility and ethical business conduct, further strengthening the trust of customers, partners and the public. |
| | **Decision of the Supervisory Board dated 20.06.2024, Minutes No. 14_24, Agenda item 9 - Approval of a new internal document "Guidelines for the management of environmental, social and governance risks (ESG risks) of "PRAVEX BANK" JSC**<br>The Guidelines, as part of a broader framework of rules on the internal control and risk management system governed by the current version of the "Regulation on the Integrated Internal Control System of PRAVEX BANK JSC", and its purpose is to provide guidelines for managing environmental, social and governance risks, known as "ESG" risks, to which the Bank is exposed, establishing basic principles, defining roles and responsibilities of corporate bodies and key corporate functions at the level of the Bank and the Parent Company involved<br>The Guidelines are in line with the approach of sustainable economic development, in accordance with the principles set forth in the current version of the Code of Ethics of PRAVEX BANK JSC and in accordance with the National Bank of Ukraine (hereinafter - the NBU) "Policy on the Development of Sustainable Finance for the period up to 2025".<br>In this regard, this document states:<br>- general principles underlying the process of controlling and managing ESG risks;<br>- tasks and responsibilities of participants;<br>- ESG risk management model, including the integration of ESG risk factors into various risk groups and the credit process;<br>- macro processes of ESG risk management.<br>In general, this set of rules aims to promote a risk culture focused on encouraging sustainable behavior and integrating environmental, social and governance aspects into risk management processes, recognizing that they contribute to the sustainability of the Bank's initiatives, reliability and sustainable value creation over time for the benefit of all internal and external stakeholders.<br>In line with current developments in ESG risk management, the regulatory guidance in this document focuses primarily on the lending system and related processes. |
| | **Decision of the Supervisory Board dated 30.09.2024, Minutes No. 19_24, Agenda item 6 - Approval of the results of the gender pay gap analysis for 2023.**<br>"PRAVEX BANK" JSC and Intesa Sanpaolo Group adhere to the principles of gender equality and neutrality in remuneration policy, ensuring a fair approach to remuneration regardless of gender. The Bank regularly analyzes the gender pay gap using a new |

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| | methodology that allows for a more accurate assessment of differences and identifies areas for improvement. According to the results of the analysis as of 31.12.2023, the gap among the Members of the Supervisory Board and the Management Board is 0%, while in other categories of personnel there is a slight dynamics due to staff turnover. Measures are being taken to monitor the situation and align the level of remuneration in accordance with professional competencies and length of service. The Bank reaffirms its commitment to the principles of fairness, transparency and social responsibility in line with international standards. |
| | **Decision of the Supervisory Board dated 20.12.2024, Minutes No. 27_24, Agenda item 9 - Approval of the updated Organizational Code and Regulations of the Control Functions**<br>In order to comply with the Group's ESG Model on environmental, social and governance issues and in accordance with the Target Organizational Code, the Bank supplemented the functionality of the structural units dealing with environmental, social and governance (ESG) issues with relevant areas of ESG activities. These changes are reflected in the Bank's Organizational Code and the Regulations on the Compliance and Anti-Money Laundering Department and the Risk Management Department. |
| **2. The list of issues considered by the executive body and a summary of the decisions taken:** | **Decision of Management Board dated 24.01.2024, Minutes No. 5_24, agenda item 9.1 – Acknowledgement of the new document of the Group by the new document "Rules for handling environmental, social, governance and reputational risks" and its implementation in the Bank in the original version**<br>In accordance with the applicable regulations, the Group's Environmental, Social and Governance Risk Management Guidelines (ESG Risk Guidelines) and Reputational Risk Management Guidelines identify ESG and reputational risk management as key activities for assessing and mitigating ESG and reputational risks. The activities support the decision-making process by providing an informed and comprehensive assessment of transactional risk, counterparty risk and initiatives by evaluating their respective potential risk profiles.<br>With the release of these Rules (issued in December 2023), the Group defines and formalizes the scope of actions and initiatives covering ESG and reputational risk management, as well as the relevant methodologies and objectives.<br>The Group has established dedicated processes to identify and manage risks to ensure the long-term sustainability and continuity of its business for the benefit of its stakeholders. As part of these processes, special attention is paid to strengthening the ESG and reputational risk management framework.<br>The rules have been implemented in the original version as is. |
| | **Decision of Management Board dated 15.02.2024, Minutes No. 6_24, agenda item 13 - Approval of the updated internal document of the Rules for Combating Sexual Harassment of PRAVEX BANK JSC.**<br>The update of the document is aimed at improving internal mechanisms for preventing and responding to sexual harassment, as well as strengthening the Bank's policy of ensuring a safe, ethical and respectful work environment.<br>"PRAVEX BANK" JSC adheres to the principles of zero tolerance to any manifestations of discrimination and harassment and strives to create a corporate culture based on mutual respect, equality and legal protection of all employees. |
| | **Decision of the Management Board dated 12.07.2024, Minutes No.** |

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| | **21_24, Agenda item 5 - Approval of expenses related to the purchase of backup power supplies (innovative inverter systems) to provide the Bank's branches.**<br>The Bank's branches were provided with portable gasoline generators, connected to the branch power grids, and operated in accordance with the requirements of the applicable law. However, a decision was made to switch to inverter systems. An inverter system is an innovative energy system that allows for efficient management and optimization of electricity use in a Bank branch. The inverter system integrates seamlessly into the existing power grid of the branch and automatically distributes the accumulated energy depending on the needs, ensuring reliable power supply even during peak hours. In the event of a power outage or grid overload, the inverter automatically switches to battery power consumption, which avoids power outages without the need for human intervention, as is the case with generators. The inverter system is much more cost-effective than generators in terms of operating costs (no fuel, electricians, staff training, etc.). In addition, the system allows you to configure battery charging at night, which saves on electricity when using the appropriate day-night meters. This provides additional opportunities to reduce energy costs. These devices are available in different power versions, and can be scaled up depending on consumption volumes. They are installed permanently in the room and have a good aesthetic appearance. The inverter system has a high degree of reliability due to redundant power supplies and integrated protection mechanisms. Thanks to the use of modern artificial intelligence algorithms, the inverter system automatically optimizes energy consumption processes. The inverter system also fulfills an environmental mission - the amount of $CO_2$ emissions is reduced, and the use of renewable energy sources contributes to the preservation of the environment. |
| | **Management Board's decision dated 30.08.2024, Minutes No. 26_24, agenda item 15 - Appointment of the Bank's Environmental, Social and Governance Manager (First Deputy Chairman of the Management Board)**<br>This step confirms the Bank's commitment to the principles of sustainable development, corporate responsibility and integration of ESG standards into business processes. The ESG Manager will continue to fulfill his duties aimed at implementing the Bank's environmental and social policy, complying with international ESG standards and strengthening corporate governance.<br>“PRAVEX BANK” JSC remains an active participant in environmental and social responsibility initiatives, striving to meet the best international practices in the field of sustainable development. |

### 5.5. The list of key stakeholders affected by the issuer's activities, with justification of the impact

There are no such stakeholders.

### 5.6. The list of stakeholders that have an impact on the issuer's achievement of strategic goals, with justification of such impact

“PRAVEX BANK” JSC interacts with various stakeholders that directly or indirectly affect the implementation of its strategic goals. Key stakeholders and their influence:

1. *Customers.*
    - Create demand for Banking services by identifying the need to develop new products and services.

- They expect a high level of service, reliability and innovation, which influences the Bank's strategic direction.

2. *Employees.*
   - The efficiency of Banking operations depends on their qualifications, involvement and motivation.
   - Important factors include corporate culture, working conditions and professional development opportunities.

*3. Shareholders and investors*
- Influence the financial stability of the Bank by providing capital for development.
- They expect transparency, effective management and stable profitability.

*4. Government authorities and regulators*
- Determine the regulatory framework for the Bank's activities.
- Monitor compliance with legislation in the areas of finance, corporate governance, environmental and social responsibility.

*5. Partners and suppliers*
- They ensure the smooth operation of the Bank by providing technological, financial and other services.
- The quality of Banking products and their competitiveness depend on the level of cooperation with partners.

*6. Local communities and society*
- They expect the Bank to be socially responsible and participate in charitable and sustainable initiatives.
- They shape the Bank's reputation and the level of trust in its activities.

*7. International organizations and financial institutions*
- Identify global trends in finance, ESG standards and sustainable development.
- Cooperation with international organizations opens up access to new funding and partnership opportunities.

Interaction with these stakeholders allows the Bank to effectively implement its strategy, adapt to changes in the external environment and increase its competitiveness.

### 5.7. Main provisions of the issuer's policy on interaction with stakeholders, including shareholders/participants

PRAVEX BANK JSC implements an open and transparent policy of interaction with stakeholders aimed at maintaining long-term partnerships and ensuring sustainable development. The main principles of interaction include:

*1. Transparency and openness*
- Regularly informing stakeholders about financial results, strategic initiatives and key decisions.
- Compliance with the principles of corporate governance and international information disclosure standards.

*2. Dialogue and partnership*
- Active engagement with customers, investors, employees, partners and communities to take into account their interests.
- Meetings, consultations and discussions with key stakeholders to ensure effective decision-making.

*3. Responsibility to shareholders*
- Ensuring the Bank's profitability and financial stability.
- Observance of shareholders' rights, equal access to corporate information and ensuring an effective feedback mechanism.

*4. Ethical standards and social responsibility*
- Compliance with anti-corruption standards, ethical business practices and ESG principles.
- Participation in social initiatives aimed at developing local communities and reducing environmental impact.

*5. Compliance with legal and regulatory requirements*
- Compliance with all Ukrainian and international legislation in the areas of finance, corporate governance and environmental responsibility.

- Cooperation with regulators and government agencies to ensure the stability of the Banking system.

This policy helps to increase confidence in the Bank, strengthen its market position and achieve its strategic goals.

### 5.8. Human resources, intellectual capital; employment issues, respect for human rights

"PRAVEX BANK" JSC , as part of the international financial group Intesa Sanpaolo, pays considerable attention to human resources and intellectual capital management, as employees are the basis of the company's success. The Bank provides comfortable working conditions, competitive salaries, social guarantees and opportunities for professional development.

Staff development is one of the Bank's strategic priorities. Regular educational programs, trainings and internships help employees develop their skills, adapt to changes in the financial sector and use modern technologies. Particular attention is paid to the exchange of experience with the international partners of Intesa Sanpaolo Group, which contributes to the implementation of innovative solutions and best international practices.

The Bank strictly adheres to high standards of social responsibility and human rights. All employees have equal opportunities for career growth, regardless of gender, age, nationality or social status. PRAVEX BANK JSC pursues an active policy of combating discrimination and any form of harassment in the work environment, creating an inclusive corporate culture where every employee feels valued and protected.

The basis for the formation of ethical principles in the Bank is the Internal Code of Conduct and the Code of Ethics, which regulate professional and ethical standards of behavior, define the obligations of employees to comply with the standards of integrity, transparency and responsibility. The documents contain clear provisions on anti-corruption, conflict of interest, equality of opportunity and mutual respect in the work environment.

By adhering to these principles, PRAVEX BANK JSC helps to strengthen the corporate culture, increase the efficiency of its operations and build trust among customers and partners.

### 5.9. Policy on preventing and combating corruption

"PRAVEX BANK" JSC , as a part of the international Intesa Sanpaolo Group, strives to ensure transparency of its activities and adhere to high ethical standards in doing business. The Bank strictly adheres to both national and international anti-corruption legislation, actively implements the best practices of corporate governance and takes measures to prevent any corruption.

*Cooperation with law enforcement agencies*

If necessary, the Bank cooperates with national law enforcement agencies, providing their authorized representatives with the necessary assistance in conducting inspections, investigating corruption crimes and implementing measures to prevent corruption.

*The Bank's obligations in the field of anti-corruption activities*

As a part of Intesa Sanpaolo Group, the Bank adheres to a zero-tolerance policy against corruption in any form. Corruption is defined as the offering, giving or receiving, directly or indirectly, of money, property or non-property benefits to influence decision-making or to induce action.

To implement these principles, the Bank has developed Anti-Corruption Policy of the Bank, which was approved by the Supervisory Board (Minutes No. 4_24 of February 19, 2024, agenda item 16).

*The purpose of anti-corruption policy*

The policy was developed to confirm the commitment of the Bank and its employees to high ethical standards, principles of open and honest business conduct, improvement of corporate culture and compliance with international standards in the field of corporate governance.

Main objectives of the Policy:

- creating an effective system for preventing and combating corruption in the Bank;
- Implementation of mandatory procedures for monitoring compliance with anti-corruption requirements;
- ensuring compliance of the Bank's activities with the requirements of Ukrainian and international anti-corruption legislation;
- establishing unified standards for anti-corruption activities in the Bank;
- developing a unified approach among the Bank's management, employees and partners regarding the unacceptability of any corruption;

- protecting the Bank's shareholders, customers and business reputation from corruption-related risks;
- minimizing the risk of involvement of the Bank, its managers and employees in corrupt activities;
- ensuring transparency of the Bank's financial and business activities and implementation of advanced corporate governance standards.

*Basic principles of anti-corruption activities*

The Bank adheres to the following key principles in the fight against corruption:

- Compliance with the law and ethical standards - strict compliance with the requirements of Ukrainian and international legislation governing anti-corruption activities.
- Zero tolerance to corruption means absolute inadmissibility of any corruption at all levels of the Bank's management.
- Leadership - the Bank's management plays a key role in building a culture of transparency by setting a personal example of compliance with anti-corruption standards.
- Transparency in business relations - ensuring open and fair cooperation with customers, partners and contractors.
- Information and training - continuously raising awareness of employees about anti-corruption legislation and the Bank's policy, implementing internal trainings and information events.
- Prevention and control - development and implementation of control mechanisms to prevent corruption risks and monitor the Bank's compliance with anti-corruption standards.
- Inevitability of punishment - the application of appropriate measures to any person, regardless of their position, who has committed a corruption offense.

*Liability and consequences of violation of anti-corruption policy*

The Bank requires its management, officers and all employees to strictly comply with the Anti-Corruption Policy. Violation of its provisions may result in disciplinary, administrative or criminal consequences in accordance with the law and the Bank's internal regulations.

*Openness and feedback*

The Bank publicly declares its anti-corruption commitments by placing relevant documents in the public domain, in particular through the media and the official website. The Bank also encourages its customers, partners and citizens to adhere to anti-corruption principles and report any known cases of corruption. Any reports of suspicious situations or possible violations of the anti-corruption policy can be submitted via: Bank's Call Center or e-mail: Bank@pravex.ua

*Compliance with regulatory requirements*

During 2024, the regulatory authorities did not apply any enforcement actions to the Bank. As of today, PRAVEX BANK complies with all established economic standards of the National Bank of Ukraine, and there are no sanctions imposed by the NBU.

Implementation of and compliance with anti-corruption standards is an integral part of the Bank's corporate culture, contributing to strengthening its business reputation and trust of its customers and partners.

## 6. INFORMATION ON THE ISSUER'S RELATIONS WITH FOREIGN COUNTRIES OF THE RISK ZONE

### 6.1. Presence in the issuer's ownership structure of individuals holding the citizenship of a foreign country in the risk zone

There are no such individuals.

### 6.2. Presence in the ownership structure of the issuer of individuals whose permanent place of residence is in foreign countries of the risk zone

There are no such individuals.

### 6.3. Presence in the ownership structure of the issuer, legal entities registered in foreign countries of the risk zone

There are no such legal entities.

### 6.4. Presence in the issuer's management bodies of individuals with the citizenship of a foreign country in the risk zone

The Bank's management bodies do not include persons holding citizenship of a foreign country of the risk zone.

### 6.5. The issuer has business relations with counterparties / customers of the risk zone state or counterparties / customers controlled by the risk zone state

The Bank has no customers directly controlled by the countries of the risk zone.

However, there are a few clients that are partially controlled by current or former nationals of countries at risk. The work with such clients is separately analyzed and monitored by the Anti-Money Laundering and Counter-Terrorist Financing Office to ensure compliance with local and international sanctions laws and internal policies and procedures.

The Bank terminated the contractual relationship with the correspondent Bank registered in the aggressor state, however, according to the available information, the said correspondent Bank continues to hold an insignificant amount of the Bank's funds in the currency of the aggressor state, which was kept on the said correspondent account.

### 6.6. Location of the issuer's subsidiaries/enterprises, branches, representative offices and/or other separate structural units in the territory of the risk zone state

There are no separate structural units located in the risk zone state.

### 6.7. Presence of legal entities as a founder, participant, shareholder of which the issuer is together with the persons specified in subparagraphs 1 - 3 of this paragraph;

There are no such legal entities.

### 6.8. If the issuer has corporate rights in a legal entity registered in a foreign country of the risk zone

The Bank has no corporate rights in a legal entity registered in a foreign country of the risk zone.

### 6.9. If the issuer holds securities (other than shares) of a legal entity registered in a foreign country of the risk zone

The Bank does not hold securities of a legal entity registered in a foreign country of the risk zone.

**JOINT-STOCK COMPANY**

**“PRAVEX BANK”**

# Financial statements as at 31 December 2024 and for the year then ended

*with independent auditor’s report*

# Contents

*Translation from Ukrainian original*

Shape the future
with confidence

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# Independent auditor's report

To the Shareholder and the Supervisory Board of Joint Stock Company "PRAVEX BANK"

## Report on the audit of the financial statements

### *Opinion*

We have audited the financial statements of Joint Stock Company "PRAVEX BANK" (hereinafter, the "Bank"), which are presented on pages 1 to 83, and comprise the statement of financial position as at 31 December 2024 and the statement of profit or loss, the statement of other comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), and comply with the requirements for the preparation of financial statements established by Law of Ukraine "On accounting and financial statements in Ukraine" No. 996-XIV.

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ukraine, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Material uncertainty related to going concern*

We draw attention to Note 3 in the financial statements, which indicates that the Bank's operations have been affected by the Russian Federation's military invasion of Ukraine. The Bank incurred a net loss of UAH 198,218 thousand for the year ended 31 December 2024. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Електронний підпис
СВІСТУН
ОЛЕКСАНДР
МИХАЙЛОВИЧ
ЄДРПОУ/ІПН
33306921
Підписано у Вчасно

Електронний підпис
Студинська
Юлія
Сергіївна
ЄДРПОУ/ІПН
33306921
Підписано у Вчасно

Електронна печатка
ТОВ "ЕРНСТ
ЕНД ЯНГ
АУДИТОРСЬКІ
ПОСЛУГИ"
ЄДРПОУ/ІПН
33306921
Підписано у Вчасно

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*Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| Assessment of expected credit loss on loans and advances to customers | |
| Assessment of expected credit losses in accordance with IFRS 9 "Financial instruments" is complex and inherently subjective process that requires application of judgements and making assumptions by the Bank's management. | Our audit procedures included assessment of the methodology, approaches and assumptions used by the Bank in respect of historical and macroeconomic information in the assessments of expected credit losses on loans and advances to customers. |
| The use of different approaches and assumptions in respect of historical and forecast macroeconomic information in the assessment of such indicators as probability of default and loss given default, macroeconomic indicators, could produce significantly different estimates of expected credit loss on loans and advances to customers. | We obtained an understanding, evaluated the design, and tested operating effectiveness of the controls related to the process of expected credit loss assessment on loans and advances to customers. We identified and tested controls related to calculations and input data. |
| In addition, the balance of loans and advances to customers represents a significant portion of total assets of the Bank and is a material to the financial statements. | We tested information produced by the Bank and used in development of assumptions in calculation of expected credit loss, as well as for such indicators as: probability of default, loss given defaults, recoveries, forward-looking and macroeconomic indicators, which directly affect the amounts of expected credit loss on loans and advances to customers. |
| Therefore, assessment of expected credit loss on loans and advances to customers was a key area of judgment for the Bank's management. | Also, we analysed the Bank's information about expected credit loss on loans and advances to customers included in the notes in the financial statements. |
| Information on expected credit loss and risk management policies is included in the Notes 4, 8 and 32 in the financial statements. | |

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*Other information included in the Management report and the Bank's Annual Information of the Issuer of Securities for 2024*

Other information comprises the Management report (including the Corporate Governance report), but does not include financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and other information included in the Bank's Annual Information of the Issuer of Securities, which is expected to be made available to us after that date. Management is responsible for the other information.

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

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

When we read the Annual Information of the Issuer of Securities, if we conclude that there is a material misstatement therein, we will communicate the matter to the Supervisory Board of the Bank.

*Responsibilities of management and the Supervisory Board for the financial statements*

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

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

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

*Auditor's responsibilities for the audit of the financial statements*

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

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As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the Supervisory Board and the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

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*Translation from Ukrainian original*

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*Report on other legal and regulatory requirements*

Pursuant to the requirements of Article 14 paragraph 4 of Law of Ukraine "On audit of financial statements and auditing activity" No. 2258-VIII (the "Law No. 2258-VIII") we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of International Standards on Auditing and in accordance with "Requirements to the information related to the audit and review of capital market participants and organized commodity markets under supervision of the National Securities and Stock Market Commission (the NSSMC)" approved by the NSSMC Decision №555 dated 25 July 2021 (hereinafter – "NSSMC Requirements"):

*Appointment of the auditor and period of engagement*

We were first appointed as independent auditors to perform a statutory audit of the Bank's financial statements on 29 October 2020 by the Supervisory Board. Our appointment has been renewed annually by the Supervisory Board. The period of total uninterrupted engagement for performing the statutory audit of the Bank is four years.

*Consistency of the independent auditor's report with the additional report to the Supervisory Board and the Audit Committee*

We confirm that this independent auditor's report is consistent with the additional report to the Supervisory Board and the Audit Committee of the Bank, which we issued on 27 May 2025 in accordance with Article 35 of Law No. 2258-VIII.

*Provision of non-audit services*

We declare that no prohibited non-audit services referred to in Article 6 paragraph 4 of Law No. 2258-VIII were provided. In addition, there are no non-audit services which were provided by us to the Bank.

*Reporting under the NSSMC requirements*

- Full legal name of the Bank, information on the ultimate controlling party as well as ownership structure are disclosed in Notes 1 and 36 to the Bank's financial statements.
- As at 31 December 2024, the Bank had no subsidiaries and was not a controller or a participant of a non-banking group.
- The Bank is a public interest entity according to the requirements of Law of Ukraine "On accounting and financial statements in Ukraine" No. 996-XIV.
- Prudential ratios, established by the NSSMC for relevant activity of professional participants in capital markets and organized commodity markets, are not applicable to banks that perform professional activities at stock markets in accordance with "Regulation on prudential ratios for professional activities at stock markets and risk management requirements" (as amended) approved by the NSSMC Decision No.1597 dated 1 October 2015.

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- The Bank's Audit Committee has not performed any inspections of the Bank's financial and economic activities based on the results of the financial year.

  Limited liability company "Ernst & Young Audit Services" (ERDPOU: 33306921, web-site: www.ey.com/en_ua) have audited the Bank's financial statements according to agreement No. C-UA50-2024-ASU-2237dated 27 September 2024. The audit was conducted in the period from 30 September 2024 to 29 May 2025.

The partner in charge of the audit resulting in this independent auditor's report is Studynska Y.S.

For and on behalf Ernst & Young Audit Services LLC

| | |
|---|---|
| Svistich O.M.<br>General Director | Studynska Y.S.<br>Partner |
| Registration number in the Register of auditors and audit firms: 101250<br>Kyiv, Ukraine | Registration number in the Register of auditors and audit firms: 101256 |

29 May 2025

Електронний підпис
СВІСТІЧ ОЛЕКСАНДР МИХАЙЛОВИЧ
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**Документ підписано у сервісі Вчасно (початок)**
24 PRX EN ISA 700 Auditors Report.pdf

**Документ підписано у сервісі Вчасно (продовження)**
24 PRX EN ISA 700 Auditors Report.pdf

Документ відправлено: 16:39 29.05.2025

**Відправник документу**

**Електронний підпис**
16:39 29.05.2025
ЄДРПОУ/ІПН: 33306921
Юр. назва: ТОВ "ЕРНСТ ЕНД ЯНГ АУДИТОРСЬКІ ПОСЛУГИ"
Власник ключа: Студинська Юлія Сергіївна
Час перевірки КЕП/ЕЦП: 16:39 29.05.2025
Статус перевірки сертифікату: Сертифікат діє
Серійний номер: 7992190800000000000000000000000000000001
Тип підпису: удосконалений
Тип сертифікату: кваліфікований

**Електронний підпис**
16:41 29.05.2025
ЄДРПОУ/ІПН: 33306921
Юр. назва: ТОВ "ЕРНСТ ЕНД ЯНГ АУДИТОРСЬКІ ПОСЛУГИ"
Генеральний директор: СВІСТІЧ ОЛЕКСАНДР МИХАЙЛОВИЧ
Час перевірки КЕП/ЕЦП: 16:41 29.05.2025
Статус перевірки сертифікату: Сертифікат діє
Серійний номер: 18CAF40700000000000000000000000000000001
Тип підпису: удосконалений
Тип сертифікату: кваліфікований

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16:41 29.05.2025
ЄДРПОУ/ІПН: 33306921
Юр. назва: ТОВ "ЕРНСТ ЕНД ЯНГ АУДИТОРСЬКІ ПОСЛУГИ"
Власник ключа: ТОВ "ЕРНСТ ЕНД ЯНГ АУДИТОРСЬКІ ПОСЛУГИ"
Час перевірки КЕП/ЕЦП: 16:41 29.05.2025
Статус перевірки сертифікату: Сертифікат діє
Серійний номер: 2C9BF40700000000000000000000000000000001
Тип підпису: удосконалений
Тип сертифікату: кваліфікований

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Item** | **Notes** | **31/12/2024** | **31/12/2023** |
| **1** | **2** | **3** | **4** |
| **ASSETS** | | | |
| Cash and cash equivalents | 6 | 1,779,852 | 3,419,039 |
| Loans and advances to banks | 7 | 290,160 | 133,374 |
| Loans and advances to customers | 8 | 2,234,693 | 2,026,390 |
| Investments in securities | 9 | 7,098,519 | 4,617,124 |
| Investment property | 10 | 8,821 | 5,353 |
| Current income tax receivable | | 29 | 29 |
| Intangible assets other than goodwill | 11 | 124,614 | 138,981 |
| Fixed assets | 11 | 484,686 | 473,097 |
| Other financial assets | 12 | 28,298 | 77,443 |
| Other non-financial assets | 13 | 78,475 | 71,944 |
| **Total assets** | | **12,128,147** | **10,962,774** |
| **EQUITY AND LIABILITIES** | | | |
| **LIABILITIES** | | | |
| Due to customers | 14 | 9,482,353 | 9,126,945 |
| Debt securities issued by the Bank | | 1 | 1 |
| Other borrowed funds | 15 | 372,986 | 432,431 |
| **Provisions for liabilities** | | | |
| Provisions for credit related commitments and financial guarantees | 16 | 3,418 | 4,539 |
| Other provisions | 17 | 6,396 | 2,113 |
| **Total amount of collateral** | | 9,814 | **6,652** |
| Other financial liabilities | 18 | 114,662 | 195,908 |
| Other non-financial liabilities | 19 | 69,733 | 81,227 |
| Deferred tax liabilities | 28 | 70,803 | 67,526 |
| **Total liabilities** | | **10,120,352** | **9,910,690** |
| **EQUITY** | | | |
| Statutory capital | 20 | 1,323,792 | 1,048,726 |
| Retained earnings (accumulated deficit) | | (5,108,586) | (4,910,632) |
| Share premium | 20 | 5,425,625 | 4,600,754 |
| Reserves and other funds | | 1,332 | 1,332 |
| Other reserves | 21 | 365,632 | 311,904 |
| **Total equity** | | **2,007,795** | **1,052,084** |
| **Total liabilities and equity** | | **12,128,147** | **10,962,774** |

**Authorised for issue and signed by**

**Chairman of the Board**
**JSC "PRAVEX BANK"** **Gianluca Corrias**
**Chief accountant**
**JSC "PRAVEX BANK"** **Hanna Baranovska**

**DATE: 27 May 2025**

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Item** | **Notes** | **31/12/2024** | **31/12/2023** |
| **1** | **2** | **3** | **4** |
| Interest income, including | 23 | 1,058,107 | 1,110,360 |
| Interest income calculated using the effective interest rate method | 23 | 1,058,107 | 1,110,360 |
| Fee and commission income | 24 | 171,170 | 151,574 |
| Fee and commission expenses | 24 | (74,037) | (66,907) |
| Other income | 26 | 10,966 | 4,668 |
| Interest expenses | 23 | (469,196) | (595,692) |
| Net gain (loss) from foreign exchange operations | | 30,742 | 41,100 |
| Net gain (loss) arising from foreign currency translation | | (12,488) | 21,877 |
| Net (loss) from investment property revaluation | 10 | 588 | (1,135) |
| Gains (losses) from initial recognition of financial assets at interest rates higher or lower than market rates | | 48 | (21) |
| Gains (losses) from initial recognition of financial liabilities at interest rates higher or lower than market rates | | (703) | (570) |
| Impairment gains (losses) determined in accordance with IFRS 9 | 25 | 37,095 | 124,374 |
| Gain (loss) from derecognition of financial liabilities measured at amortized cost | | 8 | 12 |
| Gain (loss) from modification of financial assets | | 7,060 | 1,019 |
| Employee benefits expense | | (362,084) | (398,554) |
| Depreciation costs | | (122,238) | (131,924) |
| Other administrative and operating expenses | 27 | (478,450) | (347,073) |
| **Profit (loss) before tax** | | **(203,412)** | **(86,892)** |
| Income from tax refund (expenses for tax payment) | 28 | 5,194 | (5,998) |
| **Profit (loss)** | | **(198,218)** | **(92,890)** |

**Authorised for issue and signed by**

**Chairman of the Board**
**JSC "PRAVEX BANK"** **Gianluca Corrias**

**Chief accountant**
**JSC "PRAVEX BANK"** **Hanna Baranovska**

**DATE:** **27 May 2025**

| | | | |
|---|---|---|---|
| | | | ***(in thousands of Ukrainian hryvnias)*** |
| **Item** | **Notes** | **2024** | **2023** |
| **1** | **2** | **3** | **4** |
| **Statement of comprehensive income** | | | |
| Profit (loss) | | **(198,218)** | (92,890) |
| **Other comprehensive income** | | | |
| Components of other comprehensive income that will not be reclassified to profit or loss before tax | | | |
| Other comprehensive income, before tax, gains (losses) from revaluation (revaluation of fixed assets) | 21 | 64,900 | 77,432 |
| **The total amount of other comprehensive income that will not be reclassified to profit or loss before tax** | | **64,900** | **77,432** |
| Components of other comprehensive income that will be reclassified to profit or loss before tax | | | |
| Gains (losses) on financial assets carried at FVOCI before tax | 21 | 7,403 | 1,774 |
| **The total amount of other comprehensive income that will be reclassified to profit or loss before tax** | | **7,403** | **1,774** |
| **Total other comprehensive income before tax** | | **72,303** | **79,206** |
| **Total comprehensive income before tax** | | **(125,915)** | **(13,684)** |
| Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss | | | |
| Income tax related of other comprehensive income gains (losses) from revaluation (revaluation of fixed assets) | 21 | (16,703) | (34,737) |
| **Total of income tax relating to components of other comprehensive** income that will not be reclassified to profit or loss | | **(16,703)** | **(34,737)** |
| Income tax relating to components of other comprehensive income that will be reclassified to profit or loss | | | |
| Income tax related of gains (losses) on financial assets carried at FVOCI | 21 | (1,851) | (443) |
| **Total of income tax related of gains (losses) on financial assets carried at FVOCI** | | **(1,851)** | **(443)** |
| **Total other comprehensive income after tax** | | **53,749** | **44,026** |
| **Total comprehensive income after tax** | | **(144,469)** | **(48,864)** |

**Authorised for issue and signed by**

**Chairman of the Board**
**JSC “PRAVEX BANK”** **Gianluca Corrias**

**Chief accountant**
**JSC “PRAVEX BANK”** **Hanna Baranovska**

**DATE:** **27 May 2025**

| | | | |
|---|---|---|---|
| | | | ***(in thousands of Ukrainian hryvnias)*** |
| **Item** | **Notes** | **31/12/2024** | **31/12/2023** |
| **1** | **2** | **3** | **4** |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Interest income received | | 926,963 | 1,077,828 |
| Interest expenses paid | | (475,169) | (579,992) |
| Fee income received | | 171,170 | 151,575 |
| Fee and commission expenses paid | | (80,815) | (66,468) |
| Results of foreign currency transactions | | 30,742 | 41,100 |
| Other income received | | 7,918 | 1,837 |
| Personnel costs | | (366,478) | (386,748) |
| Other administrative and operating expenses, paid | | (572,685) | (450,602) |
| Income tax paid | | (10,075) | (5,998) |
| ***Cash used in operating activities before changes in operating assets and liabilities*** | | **(368,429)** | **(217,468)** |
| Net decrease/(increase) in loans and advances to banks | | (153,953) | 8,552 |
| Net decrease/(increase)in loans and advances to customers | | (120,746) | 1,777,220 |
| Net decrease/(increase)in other financial assets | | 48,649 | (29,549) |
| Net decrease/(increase) in other non-financial assets | | 39,870 | (38,326) |
| Net increase/(decrease) in amounts due to customers | | 150,327 | 738,493 |
| Net increase/(decrease) in other financial liabilities | | (49,385) | 10,231 |
| Net increase/(decrease) in other non-financial liabilities | | 1,143 | (8,813) |
| **Net cash flows from operating activities** | | **(452 524)** | **2,240,340** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Acquisition of securities | | (824,587,166) | (745,367,195) |
| Proceeds from the sale of investments in securities | | 822,305,184 | 744,185,315 |
| Acquisition of property, plant and equipment | | (14,685) | (48,020) |
| Proceeds from the sale of investment property | | – | 141 |
| Result from disposal of property, plant and equipment and intangible assets | | 48 | 105 |
| Acquisition of intangible assets | | (41,167) | (59,729) |
| **Net cash from investing activities** | | **(2,337,786)** | **(1,289,383)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Borrowed funds (returned) | 15 | (91,818) | (42,691) |
| Increase in statutory capital | 20 | 1,099,937 | – |
| **Net cash from financial activities** | | **1,008,119** | **(42,691)** |
| **Net increase in cash and cash equivalents** | | **(1,782,191)** | **908,266** |
| Effect of the NBU exchange rate fluctuations on cash and cash equivalents | | 143,004 | 101,497 |

The accompanying notes on pages 10 – 83 are an integral part of these financial statements

| | | | ***(in thousands of Ukrainian hryvnias)*** |
|---|---|---|---|
| **Item** | **Notes** | **31/12/2024** | **31/12/2023** |
| **1** | **2** | **3** | **4** |
| **Cash and cash equivalents at the beginning of the period** | 6 | **3,419,039** | **2,409,276** |
| **Cash and cash equivalents at the end of the period** | 6 | **1,779,852** | **3,419,039** |

**Authorised for issue and signed by**

**Chairman of the Board**
**JSC "PRAVEX BANK"** **Gianluca Corrias**

**Chief accountant**
**JSC "PRAVEX BANK"** **Hanna Baranovska**

**DATE: 27 May 2025**

***(in thousands of Ukrainian hryvnias)***

| **Item** | **Notes** | **Attributable to shareholders** | | | | | | **Total equity attributable to shareholders** |
|---|---|---|---|---|---|---|---|---|
| | | **share capital** | **share premium and other additional capital** | **reserves and other funds** | **other reserves** | **retained earnings (accumulated deficit)** | **total** | |
| **1** | | **3** | **4** | **5** | **6** | **7** | **8** | **9** |
| **Closing balance as of 31 December 2022 (balance as at 1 January 2023)** | 20 | **1,048,726** | **4,600,754** | **1,332** | **267,861** | **(4,817,972)** | **1,100,701** | **1,100,701** |
| **Total comprehensive income** | | **–** | **–** | **–** | **44,026** | **(92,890)** | **(48,864)** | **(48,864)** |
| **profit (loss) for 2023** | | **–** | **–** | **–** | **–** | **(92,890)** | **(92,890)** | **(92,890)** |
| **other comprehensive income** | | **–** | **–** | **–** | **44,026** | **–** | **44,026** | **44,026** |
| Transactions with shareholders | 21 | **–** | **–** | **–** | 17 | 230 | **247** | **247** |
| **Closing balance as of 31 December 2023 (balance as at 1 January 2024)** | **20** | **1,048,726** | **4,600,754** | **1,332** | **311,904** | **(4,910,632)** | **1,052,084** | **1,052,084** |

***(in thousands of Ukrainian hryvnias)***

| **Item** | **Notes** | **Attributable to shareholders** | | | | | | **Total equity attributable to shareholders** |
|---|---|---|---|---|---|---|---|---|
| | | **share capital** | **share premium and other additional capital** | **reserves and other funds** | other reserves | **retained earnings (accumulated deficit)** | **total** | |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** |
| **Total comprehensive income** | | – | – | – | **53,749** | **(198,218)** | **(144,469)** | **(144,469)** |
| **profit (loss) for 2024** | | – | – | – | – | **(198,218)** | **(198,218)** | **(198,218)** |
| **other comprehensive income** | | – | – | – | **53,749** | – | **53,749** | **53,749** |
| Transactions with shareholders (including equity issuance) | 20, 21 | 275,066 | 824,871 | – | (21) | 264 | **1,100,180** | **1,100,180** |
| **Closing balance as of 31 December 2024 (balance as at 1 January 2025)** | **20** | **1,323,792** | **5,425,625** | **1,332** | **365,632** | **(5,108,586)** | **2,007,795** | **2,007,795** |

**Authorised for issue and signed by**

**Chairman of the Board**
**JSC "PRAVEX BANK"** **Gianluca Corrias**

**Chief accountant**
**JSC "PRAVEX BANK"** **Hanna Baranovska**

**DATE: 27 May 2025**

Онлайн сервіс створення та перевірки кваліфікованого та удосконаленого електронного підпису

**ПРОТОКОЛ**
**створення та перевірки кваліфікованого та удосконаленого електронного підпису**

Дата та час: 15:56:32 27.05.2025

Назва файлу з підписом: Annual report for the year_PRAVEX BANK_2024.pdf.p7s.p7s.p7s
Розмір файлу з підписом: 1.7 МБ

Назва файлу без підпису: Annual report for the year_PRAVEX BANK_2024.pdf
Розмір файлу без підпису: 1.7 МБ

Результат перевірки підпису: Підпис створено та перевірено успішно. Цілісність даних підтверджено

Підписувач - 1: Барановська Ганна Станіславівна
П.І.Б.: Барановська Ганна Станіславівна
Країна: Україна
РНОКПП: 2718811440
Організація (установа): АТ "ПРАВЕКС БАНК"
Код ЄДРПОУ: 14360920
Посада: Головний бухгалтер-директор департаменту
Час підпису (підтверджено кваліфікованою позначкою часу для підпису від Надавача): 14:20:31 27.05.2025
Сертифікат виданий: КНЕДП АТ "ПРАВЕКС БАНК"
Серійний номер: 4752DF1A59DB5DF004000000DB41000049050100
Тип носія особистого ключа: Незахищений
Алгоритм підпису: ДСТУ 4145
Тип підпису: Удосконалений
Тип контейнера: Підпис та дані в одному файлі (CAdES enveloped)
Формат підпису: З повними даними ЦСК для перевірки (CAdES-X Long)
Сертифікат: Кваліфікований

Підписувач - 2: Корріас Джанлука
П.І.Б.: Корріас Джанлука
Країна: Україна
РНОКПП: 2227017738
Організація (установа): АТ "ПРАВЕКС БАНК"
Код ЄДРПОУ: 14360920
Посада: Голова Правління
Час підпису (підтверджено кваліфікованою позначкою часу для даних від Надавача): 14:46:12 27.05.2025
Сертифікат виданий: КНЕДП АТ "ПРАВЕКС БАНК"
Серійний номер: 4752DF1A59DB5DF004000000463F0000FC020100
Тип носія особистого ключа: ЗНКІ е.ключ ІІТ Алмаз-1К
Серійний номер носія особистого ключа: Не визначено
Алгоритм підпису: ДСТУ 4145
Тип підпису: Кваліфікований
Тип контейнера: Підпис та дані в одному файлі (CAdES enveloped)
Формат підпису: Базовий (CAdES-BES)
Сертифікат: Кваліфікований

Електронна печатка - 1: АТ "ПРАВЕКС БАНК"
П.І.Б.:
Країна: Україна
Організація (установа): АТ "ПРАВЕКС БАНК"
Код ЄДРПОУ: 14360920
Час підпису (підтверджено кваліфікованою позначкою часу для даних від Надавача): 14:46:53 27.05.2025
Сертифікат виданий: КНЕДП АТ "ПРАВЕКС БАНК"
Серійний номер: 4752DF1A59DB5DF0040000004C4100004E030100
Тип носія особистого ключа: Незахищений
Алгоритм підпису: ДСТУ 4145
Тип підпису: Удосконалений
Тип контейнера: Підпис та дані в одному файлі (CAdES enveloped)
Формат підпису: Базовий (CAdES-BES)

Сертифікат: Кваліфікований

Версія від: 2025.01.15 13:00

## Note 1. Information about the Bank

| | |
|---|---|
| Full name of the Bank | Joint-Stock Company "PRAVEX BANK" |
| Short name of the Bank | JSC "PRAVEX BANK" |
| Location | 9/2 Klovskyi Uzviz, Kyiv 01021, Ukraine |
| Country of registration | Ukraine |
| Form of incorporation | Private Joint-Stock Company |
| Name and location of the parent company | Intesa Sanpaolo S.p.A.<br>10121 Italy, Turin, Piazza San Carlo, 156 |
| Management shareholding | 0% |
| Foreign investor shareholding | INTESA SANPAOLO S.p.A. (Italy) owns 100% of the Bank's share capital |
| Reporting period | From 1 January to 31 December 2024 |
| Reporting currency and measurement unit | UAH thousand |

JSC "PRAVEX BANK" (hereinafter – the Bank) is a universal financial organization that provides a full range of banking services throughout the territory of Ukraine. Thanks to a well-developed network, JSC "PRAVEX BANK" is represented in most regions of our country. The strategic goal of JSC "PRAVEX BANK" is to further develop as a universal bank providing a full range of banking services to legal entities and individuals, increase profitability and efficiency.

## Note 2. Economic and operational environment of the Bank

The war, which has lasted more than three years, has led to significant human casualties, significant displacement of the population, infrastructure damage and significant disruption of economic activity in Ukraine as a whole. It has also had a negative and lasting impact on the political and business environment in Ukraine, namely through rising inflation, hryvnia devaluation, increased tax burden, destruction of energy infrastructure, tariffs growth, low level of labour market recovery, significant changes in the monetary policy of the NBU and the ability of many business entities to continue their activities as usual.

In 2024, Ukraine's economic recovery was maintained due to successful adaptation to the difficult conditions of the war, which was supported by strong domestic consumer demand. However, the recovery gradually slowed down due to the deterioration of the security situation, an increase in shelling of energy facilities and their long-term recovery, a further increase in business costs for labour, energy supply and logistics, accelerating inflation, lower investment demand, and a shortage of qualified personnel.

Economic growth was also facilitated by significant state capital expenditures, particularly in the military-industrial complex, and increased exports and due to the stable seaport operations and expansion of production in metallurgy and mining.

The economic recovery continues despite the destruction of the energy sector. However, the state budget deficit, the current account deficit (excluding grants), and state and gross external debt remain at high levels. A significant shortage of foreign trade persists due to a steady increase in import demand and a slow recovery in export capacity.

International support for Ukraine remains significant. In 2024, according to data of the Ministry of Finance of Ukraine, the state budget received USD 41.7 billion in external funding. Grant funds provided on non-repayable terms amounted to about USD 12.6 billion. At the same time, Ukraine received all loans on preferential terms. An important achievement was to attract in 2024 the first tranche of funds that will be collateralised by future revenues from the frozen assets of the russian federation.

The stable operation of the sea corridor has weakened logistical constraints and contributed to the growth of exports. However, due to the ongoing war, the growth of export potential is very slow.

In accordance with the data published by the State Statistics Service of Ukraine, in 2024 Ukraine's real GDP grew by 2.9%. The level of economic growth also slowed down compared to 2023. This is due to poorer harvests, slightly weaker external demand, the realization of the risks of increasing the intensity of hostilities, intensified russian air attacks, and the associated shortage of electricity.

Population incomes are growing due to further increase in salaries at enterprises. Real income growth is somewhat restrained by accelerating inflation. Significant regional and skill imbalances in the labour market remain, but unemployment is gradually decreasing. The need for workers is growing as the economy revives. At the same time, the labour supply does not fully meet the needs of business.

The growth rate of consumer prices during the first quarter of 2024 sharply slowed down, from 4.7% to 3.2% YoY in March 2024, due to the effects of a consistent monetary policy, namely the controlled situation in the foreign exchange market, an increase in the supply of certain food products, and less pressure from raw material and energy costs. In the second quarter of 2024, inflation expectedly rose and approach 5%, which was due to significant pressure from business costs amid electricity shortages and lack of workers, the effect of revision of administrative tariffs and excise taxes, and the negative impact of the summer drought on this year's crops. Starting in the third quarter of 2024 and during the last months of the year, consumer inflation accelerated and amounted to 12.0% YoY in December 2024. This was primarily driven by higher food prices due to lower harvests, as well as to some extent higher electricity costs, higher business labour costs, and the hryvnia's depreciation during the year.

In the first half of 2024, the NBU’s key policy rate decreased from 15% to 13%. Starting from July 2024, the key policy rate has remained unchanged, despite the accelerated increase in inflation. However, in December 2024, the NBU raised the key policy rate by 0.5 pp to 13.5%.

Since the beginning of 2024, international rating agencies have confirmed and revised the rating of Ukraine due to the ongoing war with russia at the following levels:

- On 6 December 2024, Fitch Ratings affirmed Ukraine's Long-Term Foreign-Currency Issuer Default Rating at “Restricted Default” (RD). Fitch usually does not assign forecasts to sovereigns rated “CCC+” or lower. Citing expectations that Ukraine is continuing the process of restructuring its external commercial debt, however, following the successful completion of the Eurobond exchange in September 2024, the government ordered a temporary suspension of payments on the external commercial loan, state-guaranteed Ukrenergo Eurobonds and GDP warrants.

- On 30 August 2024, Standard & Poor’s affirmed Ukraine’s long-term and short-term foreign currency sovereign credit ratings at “SD/SD” (selective default) and long-term and short-term local currency sovereign credit ratings at “CCC+/C”. The outlook on the long-term local currency rating remains stable. At the same time, Standard & Poor's has downgraded the ratings of certain Eurobond issues from “CC” to “D” (default). Referring to expectations for further debt restructuring, including securities with a rating related to GDP.

- On 23 January 2024, Rating and Investment Information confirmed the long-term sovereign rating of Ukraine in foreign currency at “CCC” with a forecast of a possible downgrade outlook.

## Note 3. Basis for preparation

These financial statements were prepared in accordance with the International Financial Reporting Standards (hereinafter – “IFRS”) and requirements of the Law of Ukraine “On Accounting and Financial Statements in Ukraine” №996-XIV of 16 July 1999 on the preparation of financial statements (with amendments) (hereinafter referred to as the Law on Financial Statements).

These financial statements have been prepared under the historical cost convention, except for the initial recognition of financial instruments based on fair value, the subsequent appraisal of buildings at revalued cost and related financial instruments, financial assets at fair value through other comprehensive income at fair value.

*Estimations uncertainty*

The preparation of financial statements in accordance with IFRS requires the management to formulate judgements, estimates and assumptions that affect the application of accounting policies. Actual results may differ from those estimates.

The estimates and related assumptions are reviewed on an ongoing basis. Changes in estimates are recognised in the period in which estimates revised and in all subsequent periods. Further information on estimates is disclosed in Note 4.1 Critical Accounting Judgements and Estimates

*Going concern*

These financial statements are prepared based on the assumption that the Bank will continue to operate for the foreseeable future. In preparation of these financial statements, the Bank has made an assessment of its ability to continue as a going concern.

These financial statements reflect management's current assessment of the impact of the Ukrainian business environment on the going concern and the financial position of the Bank in the context of the ongoing hostilities. The future business environment may differ from management's assessment.

Despite the increasing negative effects of the hostilities that have been going on for more than three years, the risk of further terrorist attacks against energy infrastructure, significant casualties, increasing inflation, hryvnia devaluation, increased tax burden, rising tariffs, low level of labour market recovery, significant changes in the NBU monetary policy that restrain and complicate economic activity and recovery of the country in general, the Bank plans to continue to operate actively and ensure its operations with a focus on maintaining a high level of liquidity and solvency, as well as activating its business (restart lending, namely individuals' loans and significantly growth investments in securities).

In 2024, the Bank recognized a loss of UAH 198,218 thousand (2023: UAH 92,890 thousand) primarily caused by increase in other administrative and operating expenses.

The Bank has analyzed the results of the actual impact of the war on the Bank's operating activities and also the potential impact of the military aggression against Ukraine on its financial position and results of operations for the further twelve months from the date of approval of the Bank's statutory financial statements for issue. The Bank's estimates and forecasts are based on the following assumptions and planned actions:

- the Bank's macroeconomic forecasbased on the forecasts of the National Bank of Ukraine and published in international information and analytical systems. The Bank expects further devaluation of the hryvnia against major currencies (on average to 5%), inflation (average for the year to 9.1%), a slight percentage of GDP growth and an increase in the key policy rate (by 1% during 2025);
- resuming lending in the Corporate and SME segments with a focus on ensuring the credit quality;
- the Bank expects to conduct moderate lending to individuals with a focus on clients profile, profitability and a direct impact on regulatory capital;
- the Bank's customer funds (including current accounts) will grow on average in amounts sufficient for the Bank to financeing of the lending production, investments in the NBU monetary instruments and Ukrainian government bonds with maintaining an appropriate liquidity level;
- The Bank expects further revision of the own limits on securities by the Parent company, which will allow the Bank to place free liquidity in UAH with tenors to 3-4 years in more profitable financial instruments and, accordingly, improve the Bank's operating efficiency in general;
- The Bank will activate additional measures to reduce operating expenses, including optimization of intra-group expenses, while maintaining operating capacity;

- The Management Board will work towards improving the Bank's operational efficiency through the implementation of measures to optimize administrative expenses with focus on IT costs, increase business profitability by revising the minimum margin on products and focusing on transaction business.

The parent company has provided written assurances in the form of a letter of support stating that the parent company will provide, for a period of not less than twelve months from the date of approval of the Bank's financial statements, the following support, as may be reasonably necessary to enable the Bank to continue its operations and settle its obligations in the ordinary course of business.

In 2023, the National Bank of Ukraine assessed the sustainability of banks, including the Bank, as at 1 April 2023. The resilience assessment was conducted in three stages. At the first two stages of the resilience assessment, namely the assessment of asset quality and eligibility of collateral for lending transactions and the review of the valuation of property received by the bank as collateral, the Bank did not receive any comments on compliance with the NBU requirements. The third stage included modelling the impact of the stress scenario on the Bank's capital for the forecast period of three years. Based on the results of the third stage of the resilience assessment, the Bank was required to comply with the increased capital adequacy ratios, which came into effect from September 2024 (regulatory capital adequacy ratio (N2) 33.7%, main capital adequacy ratio (N3) 30.7%) and will be further increased on 31 March 2026 (regulatory capital adequacy ratio (N2) 40.6%, main capital adequacy ratio (N3) 37.6%). Accordingly, the Bank had to develop a capitalisation program for the period 2024-2026 and submit it to the NBU for approval by 19 February 2024.

In accordance with the capitalization/restructuration program developed by the Bank but not accepted by the NBU, the process of the Bank's capital increase was finalized till the end of August 2024 in amount of UAH 1,066 million through new contributions from the Parent Company, which allowed the Bank to fulfil the set increased value of the capital adequacy ratio as at 30 September 2024.

In August 2024, the NBU has introduced a new three tier capital structure changing its requirements for capital adequacy ratios – regulatory capital adequacy ratio remained together with two new ratios substituting main capital adequacy ratio (N3): tier 1 capital adequacy ratio (Nk1) and main tier 1 capital adequacy ratio (Nok1).

In December 2024, the NBU Board issued a decision to perform Ukrainian banks' and banking system resilience assessment as at 1 January 2025, including the Bank.

The Bank's management expects that the requirements for fulfilment of the increased capital adequacy ratios, set as at 31 March 2026, will be re-assessed to the lower indicators based on the results of the Bank's resilience assessment as at 1 January 2025 and, if necessary, a new capitalization/restructuration program of the Bank will be developed.

There is a material uncertainty related to the Bank's ability to implement the above measures due to currently unpredictable impact of ongoing hostilities in Ukraine on the assumptions applied by the management, including, but not limited to, results of the Bank's resilience assessment as at 1 January 2025, which is expected to be completed after approval of these financial statements. This may cast significant doubt on the Bank's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

## Note 4. Material accounting policy information

### *4.1. Significant accounting judgments and estimates*

The preparation of financial statements requires the application of estimates and assumptions that may have a significant impact on the amounts presented in the statement of financial position and the statement of profit or loss and other comprehensive income, as well as on the amounts of assets and liabilities recorded in the financial statements. Estimates are based on available information and subjective judgments, often based on past experience, which are used to make reasonable assumptions that will be made in assessing operating results. Given their nature, the estimates and assumptions used may change from year to year and, therefore, it cannot be excluded that the current amounts presented in the financial statements may differ materially in future financial years as a result of changes in subjective measurements made. The main cases in respect of which the Bank's management must make subjective assessments include:

- estimation of expected losses on loans and other financial assets;
- estimates and assumptions about the possibility of realizable deferred tax assets.

The Bank recognises expected credit losses on the following financial instruments that are not measured at fair value through profit or loss:

- financial assets that are debt instruments;
- accounts receivable;
- issued financial guarantee agreements;
- loan commitments issued.

The Bank recognises provisions for expected credit losses in an amount equal to the lifetime expected credit losses, except for the following instruments for which the amount of the provision is equal to 12-month expected credit losses:

- debt investment securities with low credit risk as of the reporting date;
- other financial instruments for which credit risk has not increased significantly since the date of their initial recognition.

If the actual repayment amounts were less than management's estimates, the Bank would have to account for additional impairment costs.

Changes in estimates of loan repayment probabilities may affect the amount of impairment losses recognized. For example, if the net present value of the estimated cash flows differs by plus/minus one percent, the impairment of loans as at 31 December 2024 would be UAH 22,347 thousand lower/higher (2023: UAH 20,264 thousand).

### *4.2. Changes in accounting policies*

The Bank has applied for the first time some amendments to the standards that became effective for annual periods beginning on or after 1 January 2024. The Bank has not early applied any standards, clarifications or amendments that have been issued but have not entered into force.

*Amendments to IAS 1 "Presentation of Financial Statements"*

- *"Classification of liabilities as current or non-current"* clarifies the approach to classifying liabilities under IAS 1 based on the contractual terms in effect at the reporting date;
- *"Non-current liabilities with covenants"* clarifies the approach to classifying liabilities as current or non-current.

Amendments to the following standards, effective from 1 January 2024, did not have any material impact on the Bank's financial statements:

- *IAS 1 "Presentation of Financial Statements" - "Classification of Liabilities as Current and Non-Current"* The Bank does not have the right to postpone repayment for at least 12 months after the reporting date. When preparing the financial statements, the Bank indicates the liabilities by maturity from the reporting date: up to 1 year are classified as current, more than 1 year - as non-current. The specified disclosure is made in Note 22. Also, the terms of the loan agreement (covenants) were analyzed, according to which at the reporting date the Bank complies with the terms of the loan agreement, which also does not affect the determination of the liability as current in full. Disclosure of information on covenants is made in Note 15.

- *IFRS 16 "Leases - Lease Obligations in Sales and Leaseback Transactions";*

- *IAS 7 "Statement of Cash Flows" and* IFRS 7 "Financial Instruments: Disclosures" "Supplier Financing Arrangements".

### *Reclassifications*

The Bank revised the format of presenting information in these financial statements and accordingly made changes to comparative data due to the increase in income from the modification of financial assets for 2024.

| ***31 December 2023 and for the year then ended as reported*** | | ***31 December 2023 and for the year then ended as reclassified*** | | ***Reclassifi-cations*** |
|---|---|---|---|---|
| ***Item*** | ***Amount*** | ***Item*** | ***Item*** | |
| **Statement of profit or loss** | | | | |
| Other income | 5,687 | Other income | 4,668 | (1,019) |
| Gains/(losses) from modification of financial assets | – | Gains/(losses) from modification of financial assets | 1,019 | 1,019 |

## *4.3. Financial assets and financial liabilities*

### 4.3.1. Classification and measurement of financial assets and financial liabilities

The Bank recognises financial assets and liabilities in its separate statement of financial position when it becomes a party to contractual obligations in respect of the instrument. Standard acquisitions and sales of financial assets and liabilities are recognised using settlement date accounting.

### *Financial assets*

In accordance with IFRS 9 "Financial Instruments", the Bank classifies its financial assets into three categories

- at amortized cost (AC);
- at fair value through other comprehensive income (FVOCI);
- at fair value through profit or loss (FVPL).

### *Financial liabilities*

The Bank classifies its financial liabilities as measured at amortized cost in accordance with IFRS 9 "Financial Instruments".

### 4.3.2. Provision for expected credit losses

The Bank recognizes an allowance for expected credit losses for all debt financial assets carried at amortized cost or fair value through other comprehensive income, as well as loan commitments and financial guarantee contracts in accordance with IFRS 9 "Financial Instruments". No impairment is recognized for equity instruments.

The model for estimating expected credit losses is described in Note 32.

### *Determining a Significant Increase in Credit Risk*

Subject to the requirements of IFRS 9 "Financial Instruments", the Bank believes that a significant increase in credit risk occurs no later than the moment when the number of days of overdue debt on an asset exceeds 30 days. The Bank recognises the number of days overdue by counting the number of days starting from the earliest day as of which payment has not been received in full.

***Definition of Default***

A financial asset is classified by the Bank as a financial asset that has been in default in the following cases:

- it is unlikely that the borrower's loan obligations to the Bank will be repaid in full without the Bank taking such actions as the sale of collateral (if any); or
- the borrower's debt under any of the Bank's significant loan obligations is overdue for more than 90 days. Overdrafts are considered to be overdue debts on the next day when the client violated the recommended limit or was recommended for him, less than the amount of the current outstanding debt.

When assessing the occurrence of a default event on the borrower's obligations, the Bank takes into account the following indicators:

- qualitative: for example, violation of the restrictive terms of the contract (covenants);
- quantitative: for example, the status of overdue debts and non-payment of another obligation of the same issuer of the Bank; and
- based on data independently developed within the Bank and obtained from external sources.

The inputs to assessing the occurrence of a default event on a financial instrument and their significance may change over time to reflect changes in circumstances.

***Creating a Time Structure of the Probability of Default***

The credit risk stages are used as initial inputs in creating a time structure of the probability of default for positions exposed to credit risk. The Bank collects information on debt service and default rates for positions subject to credit risk, analyzed depending on the jurisdiction, type of product and borrower, and on the level of credit risk. The Bank uses statistical models to analyze the collected data and obtain estimates of the probability of default for the remaining period for positions exposed to credit risk and expect them to change over time.

This analysis includes the identification and calibration of the relationship between changes in the probability of default and changes in macroeconomic factors, as well as a detailed analysis of the impact of some other factors (for example, the practice of revising the terms of credit agreements) on the risk of default. For most positions exposed to credit risk, GDP growth is the key macroeconomic indicator.

***Modification of the terms of financial assets and financial liabilities***

If the terms of a financial asset change, the Bank assesses whether the cash flows for that modified asset differ significantly. If the cash flows differ significantly (a significant modification of terms), the rights to the contractual cash flows of the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and the new financial asset is recognised at fair value. Changes in the amount of cash flows of existing financial assets or financial liabilities are not considered to be modifications to terms if they are a consequence of the current terms of the contract, for example, changes in interest rates.

In addition, the Bank concludes that the modification of conditions is significant based on the following qualitative factors:

- change in the currency of a financial asset;
- change in the type of collateral or other means of improving the quality of the asset;
- a change in the conditions of a financial asset, which leads to non-compliance with the SPPI test criterion.

If the cash flows of a modified asset measured at amortised cost do not differ significantly, the modification of conditions does not result in the derecognition of the financial asset.

### *4.4. Cash and cash equivalents*

According to the article "Cash and their equivalents", the Bank recognizes cash (cash on hand), funds in the National Bank of Ukraine, correspondent accounts and "overnight" deposits in banks, which can be converted into a known amount of cash on first demand and which carry a low risk cost changes. For the purposes of the Statement of Financial Position and the calculation of the Statement of Cash Flows, the funds of mandatory reserves or other funds and account balances are not included in the calculation of the article "Cash and their equivalents", if there are restrictions on their use.

### *4.5. Property, plant and equipment*

Property, plant and equipment are initially recognised at cost, which consists of the actual cost of acquiring and bringing them into a usable condition.

After the initial recognition of fixed assets as assets, except for the Bank's real estate, their further accounting is carried out according to the method of initial (historical) cost.

Further accounting of the Bank's real estate objects is carried out according to the method of revalued value.

The Bank has determined the following useful lives for certain types of fixed assets:

| Description | Useful life, years |
|---|---|
| Buildings and constructions | 33.33 |
| Machinery and equipment | 4-10 |
| Vehicles | 5 |
| Fixtures and fittings (furniture) | 8.33 |
| Other PP&E | 7-12 |

Property, plant and equipment is depreciated on a straight-line basis.

### *4.6. Leases*

The Bank applies the short-term lease recognition exemption for the lease agreements:

- to short-term leases (that is, leases with a lease term of no more than 12 months from the commencement date and that do not contain a purchase option).
- the underlying asset has an equivalent value of less than €5,000 (the NBU exchange rate at date of recognition);
- lease agreements without a lease term;
- free of charge;
- unidentifiable.

The decision to apply the exemption in terms of low-value assets is made to each contract separately.

The Bank does not recognize as lease agreements agreements on the right to use software, agreements on the use of licenses and license agreements. The Bank recognizes these assets as intangible assets in accordance with IAS 38 "Intangible Assets".

### *4.7. Investment property*

After the initial recognition of an investment property, the Bank further measures it at fair value, changes in which are recognised in profit or loss.

### *4.8. Income tax*

Income tax expenses (income) consist of current and deferred taxes.

Such income tax expense (income) is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity. In such cases, they are recognised in other comprehensive income or directly in equity.

Deferred tax is calculated at the tax rates that will be in effect during the period in which the asset will be sold or used and the liability will be settled.

### *4.9. Statutory capital and share premium*

Equity contributions are recognised at historical cost. Equity contributions received before 31 December 2000 are recognised at indexed cost in accordance with IAS 29 Financial Reporting in Hyperinflationary Conditions.

### *4.10. Commission income and expenses*

Commissions that are not included in the cost of the loan (for example, fees for cash and settlement services, etc.) are recognized as commission income.

### *4.11. Functional currency*

Items included in the Bank's separate financial statements are denominated in a currency that best corresponds to the economic substance of events and conditions relating to the Bank ("functional currency"). The functional currency and the currency of presentation of these separate financial statements is the hryvnia. All values are rounded to the nearest thousand dollars, unless otherwise stated.

***Foreign Exchange Transactions***

Assets and liabilities, income and expenses from transactions with foreign currencies are recorded in hryvnia equivalent at the official exchange rates of the NBU for foreign currencies and investment metals as of the date of reflection in accounting.

Accounting of income and expenses in foreign currency is carried out by converting into the currency of Ukraine at the rate of the National Bank of Ukraine on the date of the transaction under which income is received or expenses are incurred. In case of accrual of income or expenses in foreign currency, accounting is carried out at the exchange rate on the date of accrual.

In the Statement of Financial Position, foreign currency assets and liabilities are recorded at the official exchange rate set by the NBU as of the reporting date. As at 31 December 2024, the NBU has set the following exchange rates:

| Currency | 31 December 2024 | 31 December 2023 |
|---|---|---|
| USD | 42.0390 | 37.9824 |
| EUR | 43.9266 | 42.2079 |

## Note 5. New and revised standards

The following are new standards/amendments and interpretations that have been issued but are not yet effective as of the date of preparation of these financial statements of the Bank. The Bank plans to adopt these new standards, amendments and interpretations, if applicable, when they become effective. The Bank is currently analyzing the materiality of the impact of new and revised standards on the financial statements.

*Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" – "Non-convertibility"* – the changes concern the definition of convertible (exchangeable) currency. The standard is supplemented with a definition of what a convertible currency is, guidance on how to determine whether a currency is convertible, and how to determine the spot rate if the currency is not convertible.

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the "settlement date" and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date;
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed;
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments;
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only. The Bank is currently not intending to early adopt the Amendments.

*Amendments to IFRS 18 "Presentation and Disclosure of Information in Financial Statements"* – establishes requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to ensure the provision of relevant information that fairly 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 comprehensive income and in the notes to the financial statements.

IFRS 18 standardizes the formats for presenting financial results, eliminating discrepancies 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 also establishes enhanced requirements for the aggregation and disaggregation of information in the primary financial statements and/or notes.

## Note 6. Cash and cash equivalents

### *Table 6.1. Cash and cash equivalents*

| | | | |
|---|---|---|---|
| | | | *(in thousands of Ukrainian hryvnias)* |
| **Line** | **Item** | **31/12/2024** | **31/12/2023** |
| **1** | **2** | **3** | **4** |
| 1 | Cash | 174,549 | 130,181 |
| 2 | Balances with the National Bank of Ukraine | 921,136 | 1,568,604 |
| 3 | Correspondent accounts with banks: | 684,946 | 1,721,107 |
| 3.1 | Ukraine | 2,348 | 3,590 |
| 3.2 | other countries | 682,598 | 1,717,517 |
| 4 | Provisions for cash on correspondent accounts with other banks | (779) | (853) |
| **5** | **Total cash and cash equivalents** | **1,779,852** | **3,419,039** |

Line 5 in Table 6.1 corresponds to account “Cash and cash equivalents” in the statement of financial position.

As of 31 December 2024, the Bank placed cash on a correspondent account with JPMORGAN CHASE BANK, N.A. in the amount of UAH 452,119 thousand (2023: JPMORGAN CHASE BANK, N.A. in the amount of UAH 1,017,079 thousand), which represents a significant concentration.

As of 31 December 2024, and 2023, balances on correspondent accounts were not overdue and not impaired.

### *Table 6.2. Movements in provisions for cash on correspondent accounts with other banks as of 31 December 2024 and for the year then ended*

| | | | |
|---|---|---|---|
| | | | *(in thousands of Ukrainian hryvnias)* |
| **Line** | **Movements in provisions** | **Provisions for cash on correspondent accounts with other banks** | **Total** |
| **1** | **2** | **3** | **4** |
| **1** | **Balance at the beginning of the year** | (853) | (853) |
| 2 | (Increase) in provision for impairment during the year | 20 | 20 |
| 3 | Foreign exchange differences | 54 | 54 |
| **4** | **Balance at the end of the period** | **(779)** | **(779)** |

### *Table 6.3. Movements in provisions for cash on correspondent accounts with other banks as of 31 December 2023 and for the year then ended*

| | | | |
|---|---|---|---|
| | | | *(in thousands of Ukrainian hryvnias)* |
| **Line** | **Movements in provisions** | **Provisions for cash on correspondent accounts with other banks** | **Total** |
| **1** | **2** | **3** | **4** |
| **1** | **Balance at the beginning of the year** | (58) | (58) |
| 2 | Decrease in provision for impairment during the year | (918) | (918) |
| 3 | Foreign exchange differences | 123 | 123 |
| **4** | **Balance at the end of the period** | **(853)** | **(853)** |

### *Table 6.4. Credit quality analysis of cash and cash equivalents as of 31 December 2024*

| | | | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|---|---|
| **Line** | **Item** | **Balances on correspondent accounts with other banks by impairment stage** | **Cash** | **Balances with the National Bank of Ukraine** | **Total** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| 1 | Impairment Stage 1: | 684,946 | 174,549 | 921,136 | 1,780,631 |
| 1.1 | Not overdue | 684,946 | 174,549 | 921,136 | 1,780,631 |
| 2 | Provision for cash impairment | (779) | – | – | (779) |
| **3** | **Total cash and cash equivalents** | **684,167** | **174,549** | **921,136** | **1,779,852** |

### *Table 6.5. Credit quality analysis of cash and cash equivalents as of 31 December 2023*

| | | | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|---|---|
| **Line** | **Item** | **Balances on correspondent accounts with other banks by impairment stage** | **Cash** | **Balances with the National Bank of Ukraine** | **Total** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| 1 | Impairment Stage 1: | 1,721,107 | 130,181 | 1,568,604 | 3,419,892 |
| 1.1 | Not overdue | 1,721,107 | 130,181 | 1,568,604 | 3,419,892 |
| 2 | Provision for cash impairment | (853) | – | – | (853) |
| **3** | **Total cash and cash equivalents** | **1,720,254** | **130,181** | **1,568,604** | **3,419,039** |

## Note 7. Loans and advances to banks

### *Table 7.1. Loans and advances to banks*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Item** | **31/12/2024** | **31/12/2023** |
| **1** | **2** | **3** | **4** |
| 1 | Deposits in other banks, which are accounted for at amortized cost: | 290,164 | 133,375 |
| 1.1 | Short-term deposits | 290,164 | 133,375 |
| 2 | Provision for impairment of amounts due from banks | (4) | (1) |
| **3** | **Total amounts due from other banks less provisions** | **290,160** | **133,374** |

Line 3 in Table 7.1 corresponds to account “Loans and advances to banks” in the statement of financial position.

As of 31 December 2024, a deposits in other banks was placed with Intesa Sanpaolo Bank in the amount UAH 290,164 thousand (2023: a deposit in other banks was placed with Intesa Sanpaolo Bank in the amount UAH 133,375 thousand), which represents a significant concentration.

### *Table 7.2. Analysis of the book value of loans and advances to banks for 2024*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Movements in provisions** | **Stage 1** | **Total** |
| **1** | **2** | **3** | **4** |
| **1** | **Balance at the beginning of the year** | **133,375** | **133,375** |
| **2** | **Increase in balance during the year** | 2,766,554 | 2,766,554 |
| 2.1 | new contracts | 2,752,296 | 2,752,296 |
| 2.2 | foreign exchange differences | 14,258 | 14,258 |

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Movements in provisions** | **Stage 1** | **Total** |
| **1** | **2** | **3** | **4** |
| **3** | **Decrease in balance during the year** | **(2,609,765)** | **(2,609,765)** |
| 3.1 | commitments that have expired | (2,593,399) | (2,593,399) |
| 3.2 | foreign exchange differences | (16,366) | (16,366) |
| **4** | **Balance at the end of the year** | **290,164** | **290,164** |

### *Table 7.3. Analysis of provision for loans and advances to banks for 2024*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Movements in provisions** | **Stage 1** | **Total** |
| **1** | **2** | **3** | **4** |
| **1** | **Balance at the beginning of the year** | **(1)** | **(1)** |
| **2** | **Increase in provision for impairment during the year** | **(37)** | **(37)** |
| 2.1 | provision for new commitments | (37) | (37) |
| **3** | **Decrease in provision for impairment during the year** | **34** | **34** |
| 3.1 | decrease of the provision from the closing of loans | 34 | 34 |
| **4** | **Balance at the end of the period** | **(4)** | **(4)** |

### *Table 7.4. Analysis of the book value of loans and advances to banks for 2023*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Movements in provisions** | **Stage 1** | **Total** |
| **1** | **2** | **3** | **4** |
| **1** | **Balance at the beginning of the year** | **132,465** | **132,465** |
| **2** | **Increase in balance during the year** | 1,583,057 | 1,583,057 |
| 2.1 | new contracts | 1,567,699 | 1,567,699 |
| 2.2 | foreign exchange differences | 15,358 | 15,358 |
| **3** | **Decrease in balance during the year** | **(1,582,147)** | **(1,582,147)** |
| 3.1 | debt repayment | (127,745) | (127,745) |
| 3.2 | commitments that have expired | (1,449,513) | (1,449,513) |
| 3.3 | foreign exchange differences | (4,889) | (4,889) |
| **4** | **Balance at the end of the year** | **133,375** | **133,375** |

### *Table 7.5. Analysis of provision for loans and advances to banks for 2023*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Movements in provisions** | **Stage 1** | **Total** |
| **1** | **2** | **3** | **4** |
| **1** | **Balance at the beginning of the year** | **(1)** | **(1)** |
| **2** | **Increase in provision for impairment during the year** | **(17)** | **(17)** |
| 2.1 | provision for new commitments | (17) | (17) |
| **3** | **Decrease in provision for impairment during the year** | **17** | **17** |
| 3.1 | decrease of provision from decrease in commitments amounts | 1 | 1 |
| 3.2 | decrease of the provision from the closing of loans | 16 | 16 |
| **4** | **Balance at the end of the period** | **(1)** | **(1)** |

## Note 8. Loans and advances to customers

*Table 8.1. Loans and advances to customers*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Item** | **31/12/2024** | **31/12/2023** |
| **1** | **2** | **3** | **4** |
| 1 | Corporate loans | 1,568,152 | 1,180,007 |
| 2 | Retail mortgage loans | 570,807 | 714,488 |
| 3 | Loans to individual entrepreneurs | 523 | 429 |
| 4 | Retail consumer loans | 330,193 | 390,615 |
| 5 | Other retail loans | 35 | 14 |
| 6 | Provision for impairment of loans | (235,017) | (259,163) |
| **7** | **Total loans less provisions** | **2,234,693** | **2,026,390** |

Line 7 in Table 8.1 corresponds to account "Loans and advances to customers" in the statement of financial position.

*Loans, the terms of which were renegotiated.*

As of 31 December 2024, the carrying amount of loan agreements for which the terms were revised in 2024 is UAH 281,939 thousand (of which: loans to legal entities – UAH 278,694 thousand, of which the largest share is occupied by one client in stage 3 with a carrying amount of UAH 232,768 thousand, loans to individuals – UAH 3,245 thousand). The amount of the increase in the reserve for 2024 under such revised contracts amounted to UAH 1,157 thousand (of which: increase in loans to legal entities – UAH 1,285 thousand, decrease in loans to individuals – UAH 129 thousand).

As of 31 December 2023, the carrying amount of loan agreements for which the terms were revised in 2023 is UAH 50,419 thousand (of which: loans to legal entities – UAH 40,065 thousand, loans to individuals – UAH 10,354 thousand). The amount of the increase in the reserve for 2023 for such revised contracts was UAH 5,543 thousand (of which: increase in loans to legal entities – UAH 5,639 thousand, decrease in loans to individuals – UAH 96 thousand).

*Table 8.1.1 Information on restructured loans classified in Stages 2 and 3.*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Item** | **31/12/2024** | **31/12/2023** |
| **1** | **2** | **3** | **2** |
| 1 | Depreciated cost of assets that have been restructured | 281,698 | 50,419 |
| 2 | Result from restructuring | 7,280 | 202 |

*Concentration of loans to customers*

The Bank believes that potential concentration risk per customer may arise when at least 10% of net loan portfolio is attributable to a limited number of borrowers. As of 31 December 2024, financing provided to two clients is UAH 443,746 thousand, or 18% value of the net loan portfolio (2023: two clients are UAH 312,078 thousand, or 15%)

*Table 8.2. Analysis of the book value of loans and advances to customers for 2024*

| | | | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|---|---|
| **Line** | **Item** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| **1** | **Balance at the beginning of the year** | **1,759,612** | **155,815** | **370,126** | **2,285,553** |
| **2** | **Increase in balance during the year** | **2,897,790** | **86,541** | **47,086** | **3,031,417** |
| 2.1 | Increase in balance due to new loans | 270,203 | – | 1 | 270,204 |

| | | | | | ***(in thousands of Ukrainian hryvnias)*** |
|---|---|---|---|---|---|
| **Line** | **Item** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| 2.2 | Increase in balance of the current portfolio | 2,558,810 | 60,688 | 12,452 | 2,631,950 |
| 2.3 | Transition between stages | 40,583 | 20,476 | 6,429 | 67,488 |
| 2.4 | Foreign exchange differences | 28 194 | 5,377 | 28,204 | 61,775 |
| **3** | **Decrease in balance during the year** | **(2,604,376)** | **(198,350)** | **(44,534)** | **(2,847,260)** |
| 3.1 | Decrease in balance due to full repayment of loans | (1,246,028) | (83,737) | (7,685) | (1,337,450) |
| 3.2 | Decrease in the balance of the current portfolio | (1,331,491) | (78,692) | (11,501) | (1,421,684) |
| 3.3 | Write-offs against the provision | – | – | (5,522) | (5,522) |
| 3.4 | Transition between stages | (12,994) | (35,605) | (18,889) | (67,488) |
| 3.5 | Foreign exchange differences | (13,863) | (316) | (937) | (15,116) |
| **4** | **Balance at the end of the year** | **2,053,026** | **44,006** | **372,678** | **2,469,710** |

***Table 8.3. Analysis of provisions for loans and advances to customers for 2024***

| | | | | | ***(in thousands of Ukrainian hryvnias)*** |
|---|---|---|---|---|---|
| **Line** | **Item** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| **1** | **Balance at the beginning of the year** | **(25,729)** | **(8,478)** | **(224,956)** | **(259,163)** |
| **2** | **Increase in the amount of loan provisions for the year** | **(25,471)** | **(25,216)** | **(39,802)** | **(90,489)** |
| 2.1 | Provision for new loans | (6,299) | – | – | (6,299) |
| 2.2 | Provision for increase in carrying amount | (14,034) | (4,458) | (5,077) | (23,569) |
| 2.3 | Increasing the provision from the transition between stages | – | (2,949) | (3,062) | (6,011) |
| 2.4 | Increasing the reserve from the deterioration of the quality of the portfolio | (3,853) | (15,250) | (4,435) | (23,538) |
| 2.5 | Transition between stages | (982) | (2,037) | (3,210) | (6,229) |
| 2.6 | Interest accrued on impaired loans | – | – | (3,652) | (3,652) |
| 2.7 | Foreign exchange differences | (303) | (522) | (20,366) | (21,191) |
| **3** | **Decrease in the amount of loan provisions for the period** | **36,742** | **31,104** | **46,789** | **114,635** |
| 3.1 | Decrease of loan closing provision | 4,296 | 8,577 | 6,055 | 18,928 |
| 3.2 | Decrease in provision by decrease in the carrying value | 24,708 | 7,567 | 5,557 | 37,832 |
| 3.3 | Decreasing the provision from the transition between stages | – | 3,208 | 13,119 | 16,327 |
| 3.4 | Decreasing the provision from the improvement of the quality of the portfolio | 6,191 | 7,854 | 15,154 | 29,199 |
| 3.5 | Recovery of loans written off against provisions in prior periods | – | – | 5,520 | 5,520 |
| 3.6 | Transition between stages | 1,428 | 3,891 | 911 | 6,230 |
| 3.7 | Foreign exchange differences | 119 | 7 | 473 | 599 |
| **4** | **Balance at the end of the period** | **(14,458)** | **(2,590)** | **(217,969)** | **(235,017)** |

During 2024, loans and advances to customers that the Bank wrote off against provisions in previous years were reimbursed in the total amount of UAH 4,502 thousand (2023: UAH 4,538 thousand). The amount of the recovery was recognized directly in profit or loss as part of “Impairment gain and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9”. See Note 25.

### *Table 8.4. Analysis of the carrying value of loans and advances to customers for 2023*

| | | | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|---|---|
| **Line** | **Item** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| **1** | **Balance at the beginning of the year** | **2,545,496** | **1,076,693** | **400,758** | **4,022,947** |
| **2** | **Increase in balance during the year** | **2,419,465** | **619,150** | **55,643** | **3,094,258** |
| 2.1 | Increase in balance due to new loans | 348,870 | 127,179 | 3 | 476,052 |
| 2.2 | Increase in balance of the current portfolio | 1,804,161 | 448,404 | 15,163 | 2,267,728 |
| 2.3 | Transition between stages | 226,127 | 25,639 | 29,408 | 281,174 |
| 2.4 | Foreign exchange differences | 40,307 | 17,928 | 11,069 | 69,304 |
| **3** | **Decrease in balance during the year** | **(3,205,349)** | **(1,540,028)** | **(86,275)** | **(4,831,652)** |
| 3.1 | Decrease in balance due to full repayment of loans | (2,030,443) | (1,047,657) | (8,922) | (3,087,022) |
| 3.2 | Decrease in the balance of the current portfolio | (1,129,729) | (251,527) | (41,760) | (1,423,016) |
| 3.3 | Write-offs against the provision | – | – | (4,608) | (4,608) |
| 3.4 | Transition between stages | (22,896) | (228,746) | (29,532) | (281,174) |
| 3.5 | Foreign exchange differences | (22,281) | (12,098) | (1,453) | (35,832) |
| **4** | **Balance at the end of the year** | **1,759,612** | **155,815** | **370,126** | **2,285,553** |

### *Table 8.5. Analysis of provisions for loans and advances to customers for 2023*

| | | | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|---|---|
| **Line** | **Item** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| **1** | **Balance at the beginning of the year** | **36,010** | **67,162** | **224,924** | **328,096** |
| **2** | **Increase in the amount of loan provisions for the year** | **25,965** | **76,948** | **94,138** | **197, 051** |
| 2.1 | Provision for new loans | 3,082 | 6,097 | 3 | 9,182 |
| 2.2 | Provision for increase in carrying amount | 8,922 | 19,697 | 813 | 29,432 |
| 2.3 | Increasing the provision from the transition between stages | 642 | 4,273 | 9,678 | 14,593 |
| 2.4 | Increasing the reserve from the deterioration of the quality of the portfolio | 10,953 | 42,708 | 43,151 | 96,812 |
| 2.5 | Transition between stages | 2,006 | 2,893 | 16,919 | 21,818 |
| 2.6 | Interest accrued on impaired loans | – | – | 18,286 | 18,286 |
| 2.7 | Foreign exchange differences | 360 | 1,280 | 5,288 | 6,928 |
| **3** | **Decrease in the amount of loan provisions for the period** | **(36,246)** | **(135,632)** | **(94,106)** | **(265,984)** |
| 3.1 | Decrease of loan closing provision | (9,998) | (27,102) | (7,831) | (44,931) |
| 3.2 | Decrease in provision by decrease in the carrying value | (15,258) | (65,889) | (33,550) | (114,697) |
| 3.3 | Decreasing the provision from the transition between stages | (205) | (15,247) | (20,100) | (35,552) |
| 3.4 | Decreasing the provision from the improvement of the quality of the portfolio | (7,963) | (8,434) | (17,814) | (34,211) |
| 3.5 | Recovery of loans written off against provisions in prior periods | – | – | (4,635) | (4,635) |
| 3.6 | Transition between stages | (2,660) | (18,086) | (1,072) | (21,818) |
| 3.7 | Interest accrued on impaired loans | – | – | (6,976) | (6,976) |
| 3.8 | Foreign exchange differences | (162) | (874) | (2,128) | (3,164) |
| 4 | **Balance at the end of the period** | **25,729** | **8,478** | **224,956** | **259,163** |

### *Table 8.6. Loan structure by types of economic activity*

*(in thousands of Ukrainian hryvnias)*

| Line | Economic activity | 31/12/2024 | | 31/12/2023 | |
|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| 1 | Transactions with real estate, leasing, engineering and servicing | 45,885 | 1.86% | 48,093 | 2.10% |
| 2 | Trade, repair of vehicles, household equipment and items of personal use | 535,752 | 21.69% | 536,353 | 23.47% |
| 3 | Agriculture, hunting, forestry | 181,355 | 7.34% | 241,401 | 10.56% |
| 4 | Processing industry | 685,107 | 27.74% | 227,966 | 9.97% |
| 5 | Retail | 901,558 | 36.51% | 1,105,547 | 48.37% |
| 6 | Other | 120,053 | 4.86% | 126,193 | 5.53% |
| **7** | **Total loans and advances to customers less provisions** | **2,469,710** | **100%** | **2,285,553** | **100%** |

### *Table 8.7. Information about loans by collateral type of as of 31 December 2024*

*(in thousands of Ukrainian hryvnias)*

| Line | Item | Corporate loans | Retail mortgage loans | Loans to individual entrepreneurs | Retail consumer loans | Other retail loans | Total |
|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| **1** | **Unsecured loans** | **4,478** | **397** | **523** | **311,027** | **35** | **316,460** |
| **2** | **Loans secured by:** | **1,563,674** | **570,410** | **–** | **19,166** | **–** | **2 153,250** |
| 2.1 | cash | 2,988 | – | – | – | – | 2,988 |
| 2.2 | real estate | 437,473 | 570,410 | – | 10,878 | – | 1,018,761 |
| 2.2.1 | residential mortgage | 145 | 570,410 | – | 6,987 | – | 577,542 |
| 2.2.2 | non-residential mortgage | 437,328 | – | – | 3,891 | – | 441,219 |
| 2.3 | Other assets | 1,123,213 | – | – | 8,288 | – | 1,131,501 |
| 2.3.1 | equipment | 573,517 | – | – | – | – | 573,517 |
| 2.3.2 | goods in turnover | 195,491 | – | – | – | – | 195,491 |
| 2.3.3 | vehicles | 354,205 | – | – | 8,288 | – | 362,493 |
| **3** | **Total loans and advances to customers, gross of provision** | **1,568,152** | **570,807** | **523** | **330,193** | **35** | **2,469,710** |

### *Table 8.8. Information about loans by collateral type of as of 31 December 2023*

*(in thousands of Ukrainian hryvnias)*

| Line | Item | Corporate loans | Retail mortgage loans | Loans to individual entrepreneurs | Retail consumer loans | Other retail loans | Total |
|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| **1** | **Unsecured loans** | **2 153** | **568** | **429** | **364,710** | **14** | **367,874** |
| **2** | **Loans secured by:** | **1,177,854** | **713,920** | **–** | **25,905** | **–** | **1,917,679** |
| 2.1 | cash | 19, 865 | – | – | – | – | 19,865 |
| 2.2 | real estate | 204,272 | 713,920 | – | 10,577 | – | 928,769 |
| 2.2.1 | residential mortgage | 6,007 | 713,920 | – | - | – | 719,927 |
| 2.2.2 | non-residential mortgage | 198,265 | – | – | 10,577 | – | 208,842 |
| 2.3 | Other assets | 953,717 | – | – | 15,328 | – | 969,045 |
| 2.3.1 | equipment | 347,539 | – | – | - | – | 347,539 |
| 2.3.2 | goods in turnover | 288,664 | – | – | - | – | 288,664 |
| 2.3.3 | vehicles | 317,514 | – | – | 15,328 | – | 332,842 |

*(in thousands of Ukrainian hryvnias)*

| Line | Item | Corporate loans | Retail mortgage loans | Loans to individual entrepreneurs | Retail consumer loans | Other retail loans | Total |
|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| **3** | **Total loans and advances to customers, gross of provision** | **1,180,007** | **714,488** | **429** | **390,615** | **14** | **2,285,553** |

### *Table 8.9. Credit quality analysis as of 31 December 2024*

*(in thousands of Ukrainian hryvnias)*

| Line | Item | Corporate loans | Retail mortgage loans | Loans to individual entrepreneurs | Retail consumer loans | Other retail loans | Total |
|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| **1** | **Impairment Stage 1:** | **1,259,211** | **546,922** | **523** | **246,333** | **35** | **2,053,024** |
| 1.1 | Not overdue | 1,259,211 | 544,485 | 523 | 241,344 | 35 | 2,045,598 |
| 1.2 | Less than 30 days | – | 2,437 | – | 4,989 | – | 7,426 |
| **2** | **Impairment Stage 2:** | **30,097** | **6,217** | **–** | **7,694** | **–** | **44,008** |
| 2.1 | Not overdue | 30,097 | 4,123 | – | 6,431 | – | 40,651 |
| 2.2 | Less than 30 days | – | 1,897 | – | 649 | – | 2,546 |
| 2.3 | 31 - 60 days | – | 197 | – | 421 | – | 618 |
| 2.4 | 61 - 90 days | – | – | – | 193 | – | 193 |
| **3** | **Impairment Stage 3:** | **278,844** | **17,668** | **–** | **76,166** | **–** | **372,678** |
| 3.1 | Not overdue | 278,694 | 3,736 | – | 4,015 | – | 286,445 |
| 3.2 | Less than 30 days | – | 48 | – | 1,460 | – | 1,508 |
| 3.3 | 31 - 60 days | – | – | – | 120 | – | 120 |
| 3.4 | 61 - 90 days | – | – | – | 485 | – | 485 |
| 3.5 | 91 - 180 days | – | 658 | – | 907 | – | 1,565 |
| 3.6 | 181 - 270 days | – | 480 | – | 2,276 | – | 2,756 |
| 3.7 | More than 270 days | 150 | 12,746 | – | 66,903 | – | 79,799 |
| **4** | **Total loans, gross of provision** | **1,568,152** | **570,807** | **523** | **330,193** | **35** | **2,469,710** |
| **5** | **Provision for loan impairment** | **(138,880)** | **(14,605)** | **(2)** | **(81,529)** | **(1)** | **(235,017)** |
| **6** | **Total loans less provisions** | **1,429,272** | **556,202** | **521** | **248,664** | **34** | **2,234,693** |

The note is constructed in accordance with the approach developed by the Bank to determine the number of days past due on the basis of the stages of impairment under IFRS 9. Also, term 3.1 reflects loans that may have signs of restructuring and be assigned to Stage 3 without being past due.

### *Table 8.10. Credit quality analysis as of 31 December 2023*

*(in thousands of Ukrainian hryvnias)*

| Line | Item | Corporate loans | Retail mortgage loans | Loans to individual entrepreneurs | Retail consumer loans | Other retail loans | Total |
|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| **1** | **Impairment Stage 1:** | **813,512** | **666,007** | **429** | **279,647** | **14** | **1,759,609** |
| 1.1 | Not overdue | 813,512 | 647,176 | 429 | 270,948 | 14 | 1,732,079 |
| 1.2 | Less than 30 days | – | 18,582 | – | 8,478 | – | 27,060 |
| 1.3 | 31 - 60 days | – | 156 | – | 217 | – | 373 |
| 1.4 | 61 - 90 days | – | 24 | – | – | – | 24 |

| | | | | | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|---|---|---|---|
| **Line** | **Item** | **Corporate loans** | **Retail mortgage loans** | **Loans to individual entrepreneurs** | **Retail consumer loans** | **Other retail loans** | **Total** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
| 1.5 | 91 - 180 days | – | 69 | – | – | – | 69 |
| 1.6 | More than 270 days | – | - | – | 4 | – | 4 |
| **2** | **Impairment Stage 2:** | **116,275** | **19,125** | – | **20,418** | – | **155,818** |
| 2.1 | Not overdue | 86,275 | 18,759 | – | 16,833 | – | 121,867 |
| 2.2 | Less than 30 days | – | 366 | – | 2,678 | – | 3,044 |
| 2.3 | 31 - 60 days | 30,000 | - | – | 262 | – | 30,262 |
| 2.4 | 61 - 90 days | – | – | – | 604 | – | 604 |
| 2.5 | 91 - 180 days | – | – | – | 41 | – | 41 |
| **3** | **Impairment Stage 3:** | **250,220** | **29,356** | – | **90,550** | – | **370,126** |
| 3.1 | Not overdue | 40,065 | 10,577 | – | 9,032 | – | 59,674 |
| 3.2 | Less than 30 days | – | – | – | 2,610 | – | 2,610 |
| 3.3 | 31 - 60 days | – | 105 | – | 1,372 | – | 1,477 |
| 3.4 | 61 - 90 days | – | – | – | 1,048 | – | 1,048 |
| 3.5 | 91 - 180 days | – | 127 | – | 3,186 | – | 3,313 |
| 3.6 | 181 - 270 days | – | 1,312 | – | 5,700 | – | 7,012 |
| 3.7 | More than 270 days | 210,155 | 17,235 | – | 67,602 | – | 294,992 |
| **4** | **Total loans, gross of provision** | **1,180,007** | **714, 488** | **429** | **390,615** | **14** | **2,285,553** |
| **5** | **Provision for loan impairment** | **(126,536)** | **(30,557)** | **(1)** | **(102,069)** | – | **(259,163)** |
| **6** | **Total loans less provisions** | **1,053,471** | **683,931** | **428** | **288,546** | **14** | **2,026,390** |

As of 31 December 2024, and 31 December 2023 the majority of loans provided to corporate borrowers are short-term and are granted to borrowers with a minimal credit risk according to the Bank's assessment.

The table below presents the impact of the lack of collateral on the amount of the provision for expected credit losses on the non-performing loan portfolio.

### *Table 8.11. Effect of collateral value on non-performing loan portfolio (stage 3)*

The table presents the impact of the lack of collateral on the amount of the provision for expected credit losses on the non-performing loan portfolio.

| | | | *(in thousands of Ukrainian hryvnias* |
|---|---|---|---|
| **Line** | **Item** | **31/12/2024** | **31/12/2023** |
| **1** | **2** | **3** | **4** |
| 1 | Corporate loans | 66,226 | 14,122 |
| 2 | Retail mortgage loans | 5,717 | 5,330 |
| 3 | Loans to individual entrepreneurs | – | – |
| 4 | Retail consumer loans | – | 2,183 |
| 5 | Other retail loans | – | – |
| **6** | **Total** | **71,943** | **21,635** |

The general creditworthiness of a corporate customer tends to be the most relevant indicator of the quality of the loan granted to him. Since a collateral provides additional security, the Bank generally requests corporate borrowers to provide it.

The amount of provision on the total credit portfolio for expected credit losses, on the non-performing loan portfolio, excluding collateral, would be higher by UAH 71,943 thousand as of 31 December 2024 (2023: UAH 21,635 thousand).

## Note 9. Investments in securities

### *Table 9.1. Investments in securities*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Item** | **31/12/2024** | **31/12/2023** |
| **1** | **2** | **3** | 4 |
| 1 | Debt securities at AC | 1,850,682 | 2,603,205 |
| 1.1 | Certificates of deposit of the National Bank of Ukraine | 1,850,682 | 2,603,205 |
| 2 | Debt securities at FVOCI | 5,247,837 | 2,013,916 |
| 2.1 | Certificates of deposit of the National Bank of Ukraine | 1,223,223 | 1,015,664 |
| 2.2 | Domestic bonds refinanced by the National Bank of Ukraine | 2,355,075 | 209,240 |
| 2.3 | Debt government securities of other countries | 1,681,117 | 789,026 |
| 2.4 | Provision for impairment of securities | (11,578) | (14) |
| 3 | Shares of non-banking financial institutions at FVOCI | 34 | 34 |
| 3.1 | Provision for impairment of securities | (34) | (31) |
| **4** | **Total investments in securities less provisions** | **7,098,519** | **4,617,124** |

Line 4 in Table 9.1 corresponds to account "Investments in securities" in the statement of financial position.

### *Table 9.2. Credit quality analysis of debt securities carried at amortised cost as of 31 December 2024*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Item** | **NBU certificates of deposit** | **Total** |
| **1** | **2** | **3** | **4** |
| 1 | Impairment Stage 1 | 1,850,682 | 1,850,682 |
| 1.1 | Not overdue | 1,850,682 | 1,850,682 |
| 2 | Provision for impairment of securities | – | – |
| **3** | **Total investments in securities at AC** | **1,850,682** | **1,850,682** |

### *Table 9.3. Credit quality analysis of debt securities carried at amortised cost as of 31 December 2023*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Item** | **NBU certificates of deposit** | **Total** |
| **1** | **2** | **3** | **4** |
| 1 | Impairment Stage 1 | 2,603,205 | 2,603,205 |
| 1.1 | Not overdue | 2,603,205 | 2,603,205 |
| 2 | Provision for impairment of securities | – | – |
| **3** | **Total investments in securities at AC** | **2,603,205** | **2,603,205** |

***Table 9.4. Credit quality of debt securities carried at fair value through other comprehensive income as of 31 December 2024***

| | | | | | |
|---|---|---|---|---|---|
| | | | | | ***(in thousands of Ukrainian hryvnias)*** |
| **Line** | **Item** | **Deposit certificates of the National Bank of Ukraine** | **Domestic state loan obligations** | **Debt government securities of other countries** | **Total** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| 1 | Impairment Stage 1 | 1,223 223 | 2,355,075 | 1,681,117 | 5,259,415 |
| 1.1 | Not overdue | 1,223 223 | 2,355,075 | 1,681,117 | 5,259,415 |
| 2 | Provision for impairment of securities (for information) | – | (11,551) | (27) | (11,578) |
| 3 | **Total investments in securities at FVOCI** | **1,223,223** | **2,355,075** | **1,681,117** | **5,259,415** |

***Table 9.5. Credit quality of debt securities carried at fair value through other comprehensive income as of 31 December 2023***

| | | | | | |
|---|---|---|---|---|---|
| | | | | | ***(in thousands of Ukrainian hryvnias)*** |
| **Line** | **Item** | **Deposit certificates of the National Bank of Ukraine** | **Domestic state loan obligations** | **Debt government securities of other countries** | **Total** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| 1 | Impairment Stage 1 | 1,015,664 | 209,240 | 789,026 | 2,013,930 |
| 1.1 | Not overdue | 1,015,664 | 209,240 | 789,026 | 2,013,930 |
| 2 | Provision for impairment of securities (for information) | – | – | (14) | (14) |
| 3 | **Total investments in securities at FVOCI** | **1,015,664** | **209,240** | **789,026** | **2,013,930** |

***Table 9.6. Movements in provisions for impairment of securities carried at fair value through other comprehensive income as of 31 December 2024 and for the year then ended***

| | | | | | |
|---|---|---|---|---|---|
| | | | | | ***(in thousands of Ukrainian hryvnias)*** |
| **Line** | **Movements in provisions** | **Domestic governme nt loan bonds** | **Debt governmen t securities of other countries** | **Corporate shares** | **Total** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| 1 | Balance as of 1 January 2024 | – | (14) | (31) | (45) |
| 2 | Increase in provision for impairment during the year | (11,551) | (13) | (3) | (11,567) |
| 3 | **Balance as of 31 December 2024** | **(11,551)** | **(27)** | **(34)** | **(11,612)** |

***Table 9.7. Movements in provisions for impairment of securities carried at fair value through other comprehensive income as of 31 December 2023 and for the year then ended***

| *(in thousands of Ukrainian hryvnias)* | | | | |
|---|---|---|---|---|
| **Line** | **Movements in provisions** | **Domestic government loan bonds** | **Corporate shares** | **Total** |
| **1** | **2** | **3** | **4** | **5** |
| 1 | Balance as of 1 January 2023 | – | (31) | (31) |
| 2 | Increase in provision for impairment during the year | (14) | – | (14) |
| **3** | **Balance as of 31 December 2023** | **(14)** | **(31)** | **(45)** |

## Note 10. Investment property

The valuation of investment property was carried out by an independent appraiser, LLC "VALKOL" as of 30 November 2024. with further confirmation by the appraiser that there are no significant changes in the market as of 31 December 2024. At the time of the appraisal, the appraiser, LLC "VALKOL", had the appropriate certification in accordance with the current legislation of Ukraine and previous experience in appraising similar properties.

***Table 10.1. Fair value of investment property***

| *(in thousands of Ukrainian hryvnias)* | | | |
|---|---|---|---|
| **Line** | **Item** | **31/12/2024** | **31/12/2023** |
| **1** | **2** | **3** | **4** |
| **1** | **Fair value of investment property at the beginning of the period** | **5,353** | **6,831** |
| 2 | Disposal (sale) | – | (343) |
| 3 | Reclassification to non-current assets held for sale and disposal groups | 2,880 | – |
| 4 | (Decrease) increase in investment property value | 588 | (1,135) |
| **5** | **Fair value of investment property at the end of the period** | **8,821** | **5,353** |

Line 5 in Table 10.1 corresponds to account "Investment property" in the statement of financial position.

Fair value of investment property items was determined to be equal to the market value, net of value added tax. In the process of calculating the market value of the assessed objects, the income and comparative methods were applied, based on the principles of substitution, as well as supply and demand.

The income approach is based on the principles of highest and best use and anticipation, according to which the value of the assessed object is determined as the present value of expected income from its most efficient use, including income from its potential resale.

The main methods of the income approach are direct income capitalization and indirect income capitalization (discounted cash flow method). The choice of valuation methods depends on the availability of information regarding the expected (forecasted) income from the use of the assessed object, the stability of such income, the purpose of the valuation, and the type of value to be determined, which is based on the principles of substitution, as well as supply and demand.

As part of the income approach valuation, the direct income capitalization method was applied.

The comparative approach involves the following sequence of evaluation procedures:

- collection and analysis of information on the sale or offer of similar real estate and identification of objects of comparison;
- the choice of the method of calculating the value of the object of evaluation, taking into account the volume and reliability of the available information;
- comparison of the object of assessment with the objects of comparison with the subsequent adjustment of the sale price or the offer price of the objects of comparison;
- determination of the value of the object of evaluation by taking into account the amount of adjustments to the value of the objects of comparison;
- reconciliation of the received calculation results.

Comparison of the object of assessment and objects of comparison is carried out according to such indicators as the price of the object of comparison, the price of a unit of area, etc.

The main elements of the comparison are the characteristics of similar property in terms of its location, physical and functional features, terms of sale, etc. Adjustment of the value of similar property is carried out by adding or subtracting a monetary amount using a coefficient (percentage) to the sale (offer) price of the specified property or by combining them.

### *Table 10.2. Amounts recognised in the statement of profit or loss*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Income and expense** | **31/12/2024** | **31/12/2023** |
| **1** | **2** | **3** | **4** |
| 1 | Gains from disposal of investment property | – | 141 |
| 2 | Net profit (loss) from investment property revaluation | 588 | (1,135) |
| 3 | Income from the rental of investment real estate | 75 | – |

The data on lines 1 and 3 of table 10.2 are displayed as part of the note 26 “Other income” of the Statement of profit or loss. Data on line 2 of table 10.2 is displayed as a separate line in the Statement of profit or loss.

During 2024, the Bank leased one investment property and received income.

During 2023, the Bank did not lease investment real estate objects and did not receive income.

## Note 11. Property, plant and equipment and intangible assets

### *Table 11.1 Property, plant and equipment and intangible assets*

*(in thousands of Ukrainian hryvnias)*

| Line | Item | Land plots | Buildings, constructions and transmission equipment | Machinery and equipment | Vehicles | Fixtures and fittings (furniture) | Other PP&E | Other non-current tangible assets | Low-value non-current tangible assets | Construction in progress | Intangible assets | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| **1** | **Carrying amount as of 31 December 2022:** | **257** | **245,174** | **76,657** | **–** | **2,345** | **316** | **2,975** | **3,794** | **36,744** | **123,031** | **491,293** |
| **1.1** | **Historical (revalued) cost** | **257** | **248,433** | **186,060** | **4,457** | **8,228** | **1,020** | **15,686** | **18,601** | **36,744** | **562,956** | **1,082,442** |
| **1.2** | **Depreciation as of 31 December 2022** | **–** | **(3,259)** | **(109,403)** | **(4,457)** | **(5,883)** | **(704)** | **(12,711)** | **(14,807)** | **–** | **(439,925)** | **(591,149)** |
| 2 | Additions (including transfers between items) | – | 1,633 | 10,458 | – | 58 | 243 | 1,959 | 3,316 | 107,748 | 38,336 | 163,751 |
| 3 | Improvements of property, equipment and intangible assets (including transfers between items) | – | 8,216 | 4,663 | – | – | – | 1,595 | – | – | 49,080 | 63,554 |
| 4 | Disposals (including transfers between items) | – | – | (63) | – | (2) | (57) | (47) | (14) | (119 557) | – | (119 740) |
| 4.1 | Disposal (historical cost) | – | (983) | (9 230) | – | (96) | (90) | (1 465) | (275) | (119 557) | (26 829) | (158 525) |
| 4.2 | Disposal (impairment) | – | 983 | 9 167 | – | 94 | 33 | 1 418 | 261 | – | 26 829 | 38 785 |
| 5 | Depreciation/amortisation charge | – | (20,775) | (12,905) | – | (624) | (140) | (1,850) | (1,632) | – | (75,937) | (113,863) |
| 6 | Recognition of impairment losses through financial results | – | (2,605) | – | – | – | – | – | – | – | – | (2,605) |
| 7 | Decreasing of historical cost by the amount of depreciation | – | (481) | – | – | – | – | – | – | – | – | (481) |

***(in thousands of Ukrainian hryvnias)***

| Line | Item | Land plots | Buildings, constructions and transmission equipment | Machinery and equipment | Vehicles | Fixtures and fittings (furniture) | Other PP&E | Other non-current tangible assets | Low-value non-current tangible assets | Construction in progress | Intangible assets | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** |
| 8 | Write-off of depreciation from impairment | – | 481 | – | – | – | – | – | – | – | – | 481 |
| 9 | Recovery of impairment (depreciation) through financial results | – | – | – | – | 25 | 20 | – | – | – | – | 45 |
| 10 | Revaluation | – | 77,432 | – | – | – | – | – | – | – | – | 77,432 |
| 10.1 | Revaluation of historical cost | – | 57,037 | – | – | – | – | – | – | – | – | 57,037 |
| 10.2 | Revaluation of depreciation/amortisation | – | 20,395 | – | – | – | – | – | – | – | – | 20,395 |
| 11 | Transfer between groups | – | – | – | – | – | 50 | – | (50) | – | – | – |
| **12** | **Carrying amount as of 31 December 2023:** | **257** | **309,075** | **78,810** | **–** | **1,802** | **432** | **4,632** | **5,414** | **24,935** | **134,510** | **559,867** |
| **12.1** | **Historical (revalued) cost** | **257** | **311,250** | **191,951** | **4,457** | **8,190** | **1,223** | **17,775** | **21,592** | **24 935** | **623,543** | **1,205,173** |
| **12.2** | **Depreciation as of 31 December 2023** | **–** | **(2,175)** | **(113,141)** | **(4,457)** | **(6,388)** | **(791)** | **(13,143)** | **(16,178)** | **–** | **(489,033)** | **(645,306)** |
| 13 | Additions (including transfers between items) | – | 4,524 | 20,013 | – | – | 286 | – | 516 | 55,857 | 18,183 | 99,379 |
| 14 | Improvements of property, equipment and intangible assets (including transfers between items) | – | 238 | 1 509 | – | – | – | 3,211 | – | – | 15,564 | 20,522 |
| 15 | Disposals (including transfers between items) | – | – | (10) | – | (7) | (1) | – | – | (64,044) | – | (64,062) |
| 15.1 | Disposal (historical cost) | – | (4) | (10,046) | – | (350) | (79) | (353) | (372) | (64,044) | (348,102) | (423,350) |
| 15.2 | Disposal (impairment) | – | 4 | 10,036 | – | 343 | 78 | 353 | 372 | – | 348,102 | 359,288 |
| 16 | Depreciation/amortisation charge | – | (29,408) | (16,902) | – | (623) | (175) | (2,050) | (263) | – | (55,535) | (104,956) |

***(in thousands of Ukrainian hryvnias)***

| Line | Item | Land plots | Buildings, constructions and transmission equipment | Machinery and equipment | Vehicles | Fixtures and fittings (furniture) | Other PP&E | Other non-current tangible assets | Low-value non-current tangible assets | Construction in progress | Intangible assets | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** |
| 17 | Revaluation | – | 64,620 | – | – | – | – | – | – | – | – | 64,620 |
| 17.1 | Revaluation of historical cost | – | 35,994 | – | – | – | – | – | – | – | – | 35,994 |
| 17.2 | Revaluation of depreciation/amortisation | – | 28,626 | – | – | – | – | – | – | – | – | 28,626 |
| 18 | Transfer to investment property | – | (2,880) | – | – | – | – | – | – | – | – | (2,880) |
| 18.1 | Transfer to investment property (initial value) | – | (3,018) | – | – | – | – | – | – | – | – | (3,018) |
| 18.2 | Transfer to investment property (depreciation) | – | 138 | – | – | – | – | – | – | – | – | 138 |
| **19** | **Carrying amount as of 31 December 2024:** | **257** | **346,169** | **83,420** | **–** | **1,172** | **542** | **5,793** | **5,667** | **16,748** | **112,722** | **572,490** |
| **19.1** | **Historical (revalued) cost** | **257** | **348,984** | **203,427** | **4,457** | **7,840** | **1,430** | **20,633** | **21,736** | **16,748** | **309,188** | **934,700** |
| **19.2** | **Depreciation as of 31 December 2024** | **–** | **(2,815)** | **(120,007)** | **(4,457)** | **(6,668)** | **(888)** | **(14,840)** | **(16,069)** | **–** | **(196,466)** | **(362,210)** |

As of 31 December 2024, and 2023, there are no property, plant and equipment items that are:

- pledged as collateral;
- temporarily not in use (conservation, reconstruction, etc.).

As of 31 December 2024, and 2023, there are no fixed assets (movable property) in respect of which there are restrictions on the right of ownership (order).

As of 31 December 2024, historical (revalued) cost of fully depreciated/amortised property, plant and equipment, intangible assets and other non-current assets amounts to UAH 200,316 thousand (2023: UAH 487,997 thousand):

- property, plant and equipment – UAH 88,242 thousand (2023: UAH 93,646 thousand);
- intangible assets – UAH 97,049 thousand (2023: UAH 373,989 thousand);
- other non-current assets – UAH 15,025 thousand (2023: UAH 20,362 thousand).

As of 31 December 2024, no impairment (impairment) of fixed assets and intangible assets was recognized. As of 31 December 2023, expenses from the decrease in value (depreciation) of real estate amounted to UAH 2,605 thousand. movable property UAH 2 thousand.

As of 30 November 2024, the result of the real estate appraisal conducted in 2024 by the independent appraisal company "VALKOL" LLC was UAH 65,207 thousand, including due to capital increase in the amount of UAH 64,900 thousand, due to an increase in income in the amount of UAH 307 thousand (2023: UAH 76,297 thousand, including due to an increase in capital in the amount of UAH 77,432 thousand, due to an increase in expenses in the amount of UAH 1,135 thousand).

As of 31 December 2024, and 2023, there were no internally generated intangible assets.

As of 31 December 2024, the carrying value of real estate, which would be recognized if the assets were accounted for according to the cost model less depreciation, would be UAH 105,404 thousand (2023: UAH 111,134 thousand).

As of 31 December 2024, and 2023, right of use assets includes building, constructions and cars. Right of use assets are included in the item Fixed Assets and Intangible Assets of the Statement of Financial Position.

During 2024, the Bank took measures to ensure continuous operation and purchased hybrid inverters and charging stations in the amount of UAH 6,815 thousand (2023: communication equipment, computer equipment and information protection means were purchased in the amount of UAH 1,451 thousand, software licenses in the amount of UAH 2,570 thousand).

### *Table 11.2 Movements in right-of-use assets during the year 2024*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Item** | **Right-of-use assets** | **Total** |
| 1 | 2 | 3 | 4 |
| **1** | **Balance as of 1 January 2024** | **52,211** | **52,211** |
| 1.1 | Cost | 127,964 | 127,964 |
| 1.2 | Amortisation/depreciation | (75,753) | (75,753) |
| 2 | Initial recognition/revaluation of the initial recognition of a right-of-use asset and a lease liability | 14,824 | 14,824 |
| 3 | Amortisation/depreciation charges for the year | (17,282) | (17,282) |
| 4 | Derecognition of right-of-use assets | (12,943) | (12,943) |
| **5** | **Balance as of 31 December 2024** | **36,810** | **36,810** |
| 5.1 | Cost | 124,815 | 124,815 |
| 5.2 | Amortisation/depreciation | (88,005) | (88,005) |

### *Table 11.3 Movements in right-of-use assets during the year 2023*

*(in thousands of Ukrainian hryvnias)*

| Line | Item | Right-of-use assets | Total |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| **1** | **Balance as of 1 January 2023** | **57,625** | **57,625** |
| 1.1 | Cost | 135,436 | 135,436 |
| 1.2 | Amortisation/depreciation | (77,811) | (77,811) |
| 2 | Initial recognition/revaluation of the initial recognition of a right-of-use asset and a lease liability | 50,010 | 50,010 |
| 3 | Amortisation/depreciation charges for the year | (18,061) | (18,061) |
| 4 | Derecognition of right-of-use assets | (37,363) | (37,363) |
| **5** | **Balance as of 31 December 2023** | **52,211** | **52,211** |
| 5.1 | Cost | 127,964 | 127,964 |
| 5.2 | Amortisation/depreciation | (75,753) | (75,753) |

## Note 12. Other financial assets

### *Table 12.1. Other financial assets*

*(in thousands of Ukrainian hryvnias)*

| Line | Item | 31/12/2024 | 31/12/2023 |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| 1 | Accounts receivable from transactions with customers | 4,711 | 4,040 |
| 2 | Amounts due on accrued income from cash and settlement services and other accrued income | 2,880 | 2,738 |
| 3 | Accounts receivable from transactions with payment cards | 23,292 | 74,582 |
| 4 | Other assets | 45 | 103 |
| 5 | Provision for impairment | (2,630) | (4,020) |
| **6** | **Total other financial assets less provisions** | **28,298** | **77,443** |

Line 6 in Table 12.1 corresponds to account “Other financial assets” in the statement of financial position.

### *Table 12.2. Analysis of changes in provision for impairment of other financial assets for 2024*

*(in thousands of Ukrainian hryvnias)*

| Line | Movements in provisions | Accounts receivable from transactions with customers | Amounts due on overdue accrued income from cash and settlement services, and other accrued income | Total |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| **1** | **Balance as of 1 January 2024** | **(3,034)** | **(986)** | **(4,020)** |
| 2 | (Increase)/decrease in provision for impairment during the year | (93) | 189 | 96 |
| 3 | Write-off at the expense of the reserve | 1,406 | – | 1,406 |
| 4 | Foreign exchange differences on provisions | (115) | 3 | (112) |
| **5** | **Closing balance as of 31 December 2024** | **(1,836)** | **(794)** | **(2,630)** |

### *Table 12.3. Analysis of changes in provision for impairment of other financial assets for 2023*

*(in thousands of Ukrainian hryvnias)*

| Line | Movements in provisions | Accounts receivable from transactions with customers | Amounts due on overdue accrued income from cash and settlement services, and other accrued income | Total |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| **1** | **Balance as of 1 January 2023** | **(4,733)** | **(929)** | **(5,662)** |
| 2 | (Increase)/decrease in provision for impairment during the year | 1,879 | (135) | 1,744 |
| 3 | Foreign exchange differences on provisions | (180) | 78 | (102) |
| **4** | **Closing balance as of 31 December 2023** | **(3,034)** | **(986)** | **(4,020)** |

### *Table 12.4. Credit quality analysis of other financial assets as of 31 December 2024 and for the year then ended*

*(in thousands of Ukrainian hryvnias)*

*Accounts receivable without a significant financing component*

| Li-ne | Item | Accounts receivable from transactions with customers | Amounts due on accrued income from cash and settlement services and other accrued income | Accounts receivable from transactions with payment cards | Other assets | Total |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1 | Impairment Stage 1: | 2,925 | 2,116 | 23,292 | 45 | 28,378 |
| 1.1 | Not overdue | 2,679 | 2,021 | 23,292 | 21 | 28,013 |
| 1.2 | Less than 30 days | 246 | 66 | – | 24 | 336 |
| 1.3 | 31 - 60 days | – | 16 | – | – | 16 |
| 1.4 | 61 - 90 days | – | 13 | – | – | 13 |
| 2 | Impairment Stage 3: | 1,786 | 764 | – | – | 2,550 |
| 2.1 | Less than 30 days | – | 313 | – | – | 313 |
| 2.2 | 31 - 60 days | – | 1 | – | – | 1 |
| 2.3 | 61 - 90 days | – | 5 | – | – | 5 |
| 2.4 | 91 - 180 days | – | 44 | – | – | 44 |
| 2.5 | 181 - 270 days | – | 29 | – | – | 29 |
| 2.6 | More than 270 days | 1,786 | 372 | – | – | 2,158 |
| 3 | Total other financial assets | 4,711 | 2,880 | 23,292 | 45 | 30,928 |
| 4 | Provision for impairment of other assets | (1,836) | (794) | – | – | (2,630) |
| **5** | **Total other financial assets less provisions** | **2,875** | **2,086** | **23,292** | **45** | **28,298** |

### *Table 12.5. Credit quality analysis of other financial assets as of 31 December 2023 and for the year then ended*

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | *(in thousands of Ukrainian hryvnias)* |
| *Accounts receivable without a significant financing component* | | | | | | |
| **Li-ne** | **Item** | **Accounts receivable from transactions with customers** | **Amounts due on accrued income from cash and settlement services and other accrued income** | **Accounts receivable from transactions with payment cards** | **Other assets** | **Total** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** |
| 1 | Impairment Stage 1: | 1,026 | 1,772 | 74,582 | 103 | 77,483 |
| 1.1 | Not overdue | 981 | 1,745 | 74,582 | 103 | 77,411 |
| 1.2 | Less than 30 days | 4 | 1 | – | – | 5 |
| 1.3 | 31 - 60 days | 6 | 12 | – | – | 18 |
| 1.4 | 61 - 90 days | 35 | 14 | – | – | 49 |
| 2 | Impairment Stage 3: | 3,014 | 966 | – | – | 3,980 |
| 2.1 | Less than 30 days | – | 92 | – | – | 92 |
| 2.2 | 31 - 60 days | – | 73 | – | – | 73 |
| 2.3 | 61 - 90 days | – | 89 | – | – | 89 |
| 2.4 | 91 - 180 days | – | 78 | – | – | 78 |
| 2.5 | 181 - 270 days | 2 | 21 | – | – | 23 |
| 2.6 | More than 270 days | 3,012 | 613 | – | – | 3,625 |
| 3 | Total other financial assets | 4,040 | 2,738 | 74,582 | 103 | 81,463 |
| 4 | Provision for impairment of other assets | (3,034) | (986) | – | – | (4,020) |
| **5** | **Total other financial assets less provisions** | **1,006** | **1,752** | **74,582** | **103** | **77,443** |

## Note 13. Other non-financial assets

### *Table 13.1. Other non-financial assets*

| | | | |
|---|---|---|---|
| | | | *(in thousands of Ukrainian hryvnias)* |
| **Line** | **Item** | **31/12/2024** | **31/12/2023** |
| **1** | **2** | **3** | **4** |
| 1 | Accounts receivable on the acquisition of assets | 211 | 79 |
| 2 | Prepaid services | 70,845 | 65,799 |
| 3 | Precious metals | 9 | 1,074 |
| 4 | Accounts receivable from taxes and mandatory payments other than income tax | 204 | 629 |
| 5 | Other assets | 7,214 | 4,363 |
| 6 | Provision for other non-financial assets | (8) | – |
| **7** | **Total other non-financial assets less provisions** | **78,475** | **71,944** |

Line 7 in Table 13.1 corresponds to account “Other non-financial assets” in the statement of financial position.

### *Table 13.2. Movements in provision for impairment of other non-financial assets as of 31 December 2024 and for the year then ended*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| ***Line*** | **Movements in provisions** | **Prepaid services** | **Total** |
| **1** | **2** | **3** | **4** |
| **1** | **Balance as of 1 January 2024** | – | – |
| 2 | Increase in provision for impairment during the year | (8) | (8) |
| **3** | **Balance as of 31 December 2024** | **(8)** | **(8)** |

### *Table 13.3. Movements in provision for impairment of other non-financial assets as of 31 December 2023 and for the year then ended*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| ***Line*** | **Movements in provisions** | **Prepaid services** | **Total** |
| **1** | **2** | **3** | **4** |
| **1** | **Balance as of 1 January 2023** | **(51)** | **(51)** |
| 2 | Decrease in provision for impairment during the year | 51 | 51 |
| **3** | **Balance as of 31 December 2023** | – | – |

## Note 14. Due to customers

### *Table 14.1. Breakdown of amounts due to customers*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Item** | **31/12/2024** | **31/12/2023** |
| **1** | **2** | **3** | **4** |
| **1** | **Government and public organisations:** | **36,183** | **26,855** |
| 1.1 | Current accounts | 36,183 | 26,755 |
| 1.2 | Term deposits | – | 100 |
| **2** | **Other legal entities:** | **5,533,562** | **5,855,240** |
| 2.1 | Current accounts | 3,173,217 | 3,108,504 |
| 2.2 | Term deposits | 2,360,345 | 2,746,736 |
| **3** | **Individuals:** | **3,912,608** | **3,244,850** |
| 3.1 | Current accounts | 2,040,160 | 1,988,694 |
| 3.2 | Term deposits | 1,872,448 | 1,256,156 |
| **4** | **Total amounts due to customers** | **9,482,353** | **9,126,945** |

Line 4 in Table 14.1 corresponds to account “Due to customers” in the statement of financial position.

The Bank believes that a potential concentration risk may arise when at least 10% of the carrying value of amounts due to customers (excluding subordinated debt and loans from international financial institutions) are attracted from a limited number of creditors. As of 31 December 2024, and 2023, the funds of one and two clients amounted, respectively UAH 1,356,714 thousand and UAH 1,566,869 thousand, which was equal to 14.31% and 17.17%, respectively, of the amount of customer funds as of the reporting date.

As of 31 December 2024, there were eight deposits as collateral for loans for a total of UAH 48,558 thousand. UAH (2023: seven deposits in the amount of UAH 48,077 thousand).

### *Table 14.2. Breakdown of amounts due to customers by types of economic activity*

***(in thousands of Ukrainian hryvnias)***

| Line | Economic activity | 31/12/2024 | | 31/12/2023 | |
|---|---|---|---|---|---|
| | | amount | % | amount | % |
| 1 | 2 | 3 | 4 | 5 | 6 |
| 1 | State authorities | 3 | 0.01 | 3 | 0.01 |
| 2 | Production and distribution of electricity, natural gas and water | 97,861 | 1.03 | 47,890 | 0.52 |
| 3 | Transactions with real estate, leasing, engineering and servicing | 503,486 | 5.31 | 578,530 | 6.34 |
| 4 | Trade, repair of vehicles, household equipment and items of personal use | 883,761 | 9.32 | 782,332 | 8.57 |
| 5 | Agriculture, hunting, forestry | 38,951 | 0.41 | 43,965 | 0.48 |
| 6 | Retail | 3,912,608 | 41.26 | 3,244,850 | 35.55 |
| 7 | Processing industry | 552,296 | 5.82 | 747,159 | 8.19 |
| 8 | Financial and insurance services | 2,304,796 | 24.31 | 2,570,182 | 28.16 |
| 9 | Construction | 286,220 | 3.02 | 249,470 | 2.73 |
| 10 | Information and telecommunications | 589,331 | 6.22 | 595,976 | 6.53 |
| 11 | Other | 313,040 | 3.29 | 266,588 | 2.92 |
| **12** | **Total amounts due to customers** | **9,482,353** | **100.00** | **9,126,945** | **100.00** |

## Note 15. Other borrowed funds

### *Table 15.1. Other borrowed funds as of 31 December 2024 and for the year then ended*

***.(in thousands of Ukrainian hryvnias)***

| Line | Item | 31/12/2024 | 31/12/2023 |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| 1 | Loans from international and other financial organizations | 372,986 | 432,431 |
| **2** | **Total** | **372,986** | **432,431** |

In December 2020, the Bank signed an agreement with EUROPEAN INVESTMENT BANK (EIB) for a loan totaling EUR 30,000,000, to finance and support small and medium-sized businesses in the context of the Covid-19 pandemic.

The loan is provided in the form of tranches each with a minimum amount of at least EUR 5,000,000. According to the terms of the contract, the loan can be granted both in dollars and in euros.

According to the Agreement, the following covenants are provided:

- change of ownership: in the event of such an event occurring, or if there is a possibility that it will occur, the Bank is obliged to immediately inform EIB about it. In such a case, EIB has the right to demand early repayment of the loan together with the accrued interest;
- loss of credit rating of Intesa Sanpaolo S.p.A.: in the event of such an event, the Bank is obliged to provide additional security for the Loan in the form of a guarantee, cash collateral or other security for cash collateral or other security acceptable to the Bank.

As of 31 December 2024, the Bank was not in breach of the covenants stated in the agreement.

In December 2021, the Bank received the first two tranches on the following terms:

- 1st tranche – USD 7 million (with a term of 7 years at an annual interest rate of 2.315%) or UAH 190,947 thousand at the exchange rate as of 31 December 2021.

- 2nd tranche – EUR 5 million (with a term of 7 years at an annual interest rate of 0.785%) or UAH 154,613 thousand at the exchange rate as of 31 December 2021.

During 2022, the Bank did not receive new loans or tranches for other borrowed funds, and the change in other borrowed funds is related only to the devaluation of the hryvnia and the change in accrued interest.

During 2023, the Bank also did not receive new loans or tranches under this article, but made a partial repayment of the tranches received in December 2021, namely:

- for the 1st tranche of USD 7 million (with a term of 7 years at an annual interest rate of 2.315%), a partial payment of USD 636,363.64 was made on 22 December 2023. The remaining balance for this tranche as of 31 December 2023, amounts to USD 6,363,636.36 (or UAH 241,706 thousand at the exchange rate as of 31 December 2023).
- for the 2nd tranche of EUR 5 million (with a term of 7 years at an annual interest rate of 0.785%), a partial payment of EUR 454,545.45 was made on 22 December 2023. The remaining balance for this tranche as of 31 December 2023, amounts to EUR 4,545,454.55 (or UAH 191,854 thousand at the exchange rate as of 31 December 2023).

During 2024, the Bank did not receive new loans or tranches for other borrowed funds, but partially repaid in tranches:

- for the 1st tranche of USD 7 million (with a term of 7 years at an annual interest rate of 2.315%), a partial payment of USD 636,363.64 was made on 24 June 2024, and a partial payment of USD 636,363.64 was made on 23 December 2024. The remaining balance for this tranche as of 31 December 2024, amounts to USD 5,090,909.08 (or UAH 214,017 thousand at the exchange rate as of 31 December 2024);
- for the 2nd tranche of EUR 5 million (with a term of 7 years at an annual interest rate of 0.785%), a partial payment of EUR 454,545.45 was made 24 June 2024, and a partial payment of EUR 454,545.45 was made on 23 December 2024. The remaining balance for this tranche as of 31 December 2024, amounts to EUR 3,636,363.65 (or UAH 159,733 thousand at the rate as of 31 December 2024).

## Note 16. Provisions for credit commitments and financial guarantee contracts and other provisions

### *Table 16.1. Changes in provisions for credit commitments and financial guarantee contracts as of 31 December 2024 and for the year then ended.*

*(in thousands of Ukrainian hryvnias)*

| Line | Movements in provisions | Credit-related commitments | Total |
|---|---|---|---|
| 1 | 2 | 3 | 5 |
| **1** | **Balance at the beginning of the year** | **4,539** | **4,539** |
| 2 | Increase (decrease) in provision for impairment during the year | (1,173) | (1,173) |
| 3 | Foreign exchange differences on provisions | 52 | 52 |
| **4** | **Balance at 31 December 2024** | **3,418** | **3,418** |

Line 4 in Table 16.1 included to item “Provisions for credit commitments and financial guarantee contracts and other provisions” in the Statement of Financial Position. The change in commitments by stages disclosed in Note 31.

*Table 16.2. Changes in provisions for credit commitments and financial guarantee contracts as of 31 December 2023 and for the year then ended*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Movements in provisions** | **Credit-related commitments** | **Total** |
| **1** | **2** | **3** | **5** |
| **1** | **Balance at the beginning of the year** | **43,397** | **43,397** |
| 2 | Increase (decrease) in provision for impairment during the year | (39,649) | (39,649) |
| 3 | Foreign exchange differences on provisions | 791 | 791 |
| **4** | **Balance at 31 December 2023** | **4,539** | **4,539** |

## Note 17. Other provisions

*Table 17.1. Changes in provisions for other provisions as of 31 December 2024 and for the year then ended.*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Movements in provisions** | **Litigation contingencies and other collateral** | **Total** |
| **1** | **2** | **3** | **4** |
| **1** | **Balance at the beginning of the year** | **2,113** | **2,113** |
| 2 | Increase in provision during the year | 4,262 | 4,262 |
| 3 | Translation differences | 21 | 21 |
| **4** | **Balance as of 31 December 2024** | **6,396** | **6,396** |

Line 4 in Table 17.2 corresponds to account “Other provisions” in the statement of financial position.

As of 31 December 2024, and 2023, there are no fixed assets (movable property) subject to ownership (disposal) restrictions.

As of 31 December 2024, legal disputes amounting to UAH 3,482 thousand were pending in administrative and general jurisdiction courts (2023: UAH 156,313 thousand), with the Bank assessing the probability of resource outflow as possible. Based on the Bank’s assessment of the prospects for resolving these disputes, no provisions were created for these risks. The Bank reversed a previously formed provision in the amount of UAH 730 thousand (2023: UAH 112,939 thousand) for legal cases against the Bank, based on the respective court rulings received.

*Table 17.2. Changes in other provisions as of 31 December 2023 and for the year then ended.*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Movements in provisions** | **Litigation contingencies** | **Total** |
| **1** | **2** | **3** | **4** |
| **1** | **Balance at the beginning of the year** | **114,538** | **114,538** |
| 2 | Increase in provision during the year | (112,265) | (112,265) |
| 3 | Translation differences | (160) | (160) |
| **4** | **Balance as of 31 December 2023** | **2,113** | **2,113** |

Line 4 in Table 17.2 corresponds to account “Other provisions” in the statement of financial position.

## Note 18 Other financial liabilities

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Item** | **31/12/2024** | **31/12/2023** |
| **1** | **2** | **3** | **4** |
| 1 | Balances on the investment account of Intesa Sanpaolo S. p. A. | 2,545 | 3,869 |
| 2 | Accounts payable on transactions with customers | 5,107 | 8,148 |

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Item** | **31/12/2024** | **31/12/2023** |
| **1** | **2** | **3** | **4** |
| 3 | Accounts payable on debit and credit cards | 16,560 | 68,361 |
| 4 | Foreign exchange transactions and settlements | 4,803 | 11 |
| 5 | Accruals on other payments to employees | 33,186 | 39,115 |
| 6 | Lease liabilities | 49,424 | 64,503 |
| 7 | Other liabilities | 3,037 | 11,901 |
| **8** | **Total other financial liabilities** | **114,662** | **195,908** |

Line 8 in Note 18 corresponds to item "Other financial liabilities" in the Statement of financial position.

## Note 19. Other non-financial liabilities

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Item** | **31/12/2024** | **31/12/2023** |
| **1** | **2** | **3** | **4** |
| 1 | Accounts payable on taxes other than income tax | 19,809 | 15,281 |
| 2 | Accounts payable on settlements with employees of the Bank | 6,975 | 5,554 |
| 3 | Accounts payable on asset acquisitions | 4,058 | 10,099 |
| 4 | Deferred income | 6,658 | 6,496 |
| 5 | Accounts payable on recruitment services | 17,205 | 29,946 |
| 6 | Accounts payable on technical support and software maintenance services | 66 | 33 |
| 7 | Accounts payable on services and security | 5,761 | 5,677 |
| 8 | Settlements via payment systems and Ukrainian Processing Center | 9,009 | 8,002 |
| 9 | Other liabilities | 192 | 139 |
| **10** | **Total other non-financial liabilities** | **69,733** | **81,227** |

Line 10 in Note 19 corresponds to item "Other non-financial liabilities" in the Statement of financial position.

## Note 20. Statutory capital

| | | | | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|---|---|---|
| **Line** | **Item** | **Number of shares in issue (in thousands)** | **Ordinary shares** | **Share premium** | **Preference shares** | **Total** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** |
| **1** | **Balance as of 1 January 2023** | **1,688,085** | **1,047,856** | **4,600,754** | **870** | **5,649,480** |
| 2 | Contributions for newly issued shares | – | – | – | – | – |
| **3** | **Balance as of 31 December 2023 (balance as of 1 January 2024)** | **1,688,085** | **1,047,856** | **4,600,754** | **870** | **5,649,480** |
| 4 | Contributions for newly issued shares | 474,252 | 275,066 | 824,871 | – | 1,099,937 |
| **5** | **Balance as of 31 December 2024** | **2,162,337** | **1,322,922** | **5,425,625** | **870** | **6,749,417** |

As of 31 December 2024, and 2023, preference shares outstanding amount to 1,500 shares in total.

As of 31 December 2024, and 2023, the nominal value of the shares is UAH 0.58 per share.

Holders of preference shares have the right to:

- participate in profit distribution and receive dividends in the amount stipulated by their preference shares, notwithstanding the amount of the Bank's net profit earned in the respective year;

- preferences stipulated by the terms of preference share issue are as follows: holders of registered preference shares are entitled to dividends of 18% per annum, notwithstanding the amount of the Bank's net profit earned in the respective year.

In accordance with the Ukrainian legislation, distributable reserves are restricted by retained earnings in accordance with laws and regulations.

## Note 21. Revaluation reserves

### *Table 21.1. Securities revaluation reserves*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Item** | **2024** | **2023** |
| **1** | **2** | **3** | **4** |
| **1** | **Balance at the beginning of the year** | **1,331** | – |
| 2 | Changes in gains/losses arising from revaluation of securities at FVOCI: | 7,403 | 1,774 |
| 2.1 | changes in revaluation to fair value | 7,403 | 1,774 |
| 3 | Income tax related to change in reserve for investments in securities | (1,851) | (443) |
| **4** | **Total revaluation reserves less income tax** | **6,883** | **1,331** |

### *Table 21.2. Movements in revaluation reserve for property, plant and equipment*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Item** | **2024** | **2023** |
| **1** | **2** | **3** | **4** |
| **1** | **Balance at the beginning of the year** | **310,552** | **267,857** |
| 2 | Revaluation of PP&E | 64,900 | 77,432 |
| 2.1 | changes in revaluation to fair value | 64,900 | 77,432 |
| 3 | Income tax related to revaluation of property, plant and equipment | (16,703) | (34,737) |
| **4** | **Total revaluation reserves less income tax** | **358,749** | **310,552** |

### *Table 21.3. Results of adjusting the value of financial instruments in transactions with shareholders*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Item** | **2024** | **2023** |
| **1** | **2** | **3** | **4** |
| **1** | **Balance at the beginning of the year** | **21** | **4** |
| 2 | Results of adjusting the value of financial instruments in transactions with shareholders | (28) | 24 |
| 2.1 | Gain recognised on initial recognition of the financial instrument in transactions with the Bank's shareholders | 236 | 254 |
| 2.2 | (Loss) recognised on initial recognition and attributed to accumulated loss on disposal of the financial instrument in transactions with the Bank's shareholders | (264) | (230) |
| 3 | Income tax related to changes in the adjustment of the value of financial instruments in transactions with the Bank's shareholders | 7 | (7) |
| **4** | **Total adjustments of the value of financial instruments, net of income tax** | **–** | **21** |

## Note 22. Analysis of contractual maturities of assets and liabilities

*(in thousands of Ukrainian hryvnias)*

| Line | Item | Notes | 31 December 2024 | | | 31 December 2023 | | |
|---|---|---|---|---|---|---|---|---|
| | | | less than 12 months | more than 12 months | total | less than 12 months | more than 12 months | total |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| | **ASSETS** | | | | | | | |
| 1 | Cash and cash equivalents | 6 | 1,779,852 | – | 1,779,852 | 3,419,039 | – | **3,419,039** |
| 2 | Loans and advances to banks | 7 | 290,160 | – | 290,160 | 133,374 | – | **133,374** |
| 3 | Loans and advances to customers | 8 | 1,402,632 | 832,061 | 2,234,693 | 1,177,432 | 848,958 | **2,026,390** |
| 4 | Investments in securities | 9 | 7,098,519 | – | 7,098,519 | 4,617,124 | – | **4,617,124** |
| 5 | Investment property | 10 | – | 8,821 | 8,821 | – | 5,353 | **5,353** |
| 6 | Current income tax receivable | | 29 | – | 29 | 29 | – | **29** |
| 7 | Intangible assets other than goodwill | 11 | – | 124,614 | 124,614 | – | 138,981 | **138,981** |
| 8 | Fixed assets | 11 | – | 484,686 | 484,686 | – | 473,097 | **473,097** |
| 9 | Other financial assets | 12 | 28,298 | – | 28,298 | 77,443 | – | **77,443** |
| 10 | Other non-financial assets | 13 | 78,475 | – | 78,475 | 71,944 | – | **71,944** |
| **11** | **Total assets** | | **10,677,965** | **1,450,182** | **12,128,147** | **9,496,385** | **1,466,389** | **10,962,774** |
| | **LIABILITIES** | | | | | | | |
| 12 | Due to customers | 14 | 9,482,126 | 227 | 9,482,353 | 9,126,944 | 1 | 9,126,945 |
| 13 | Debt securities issued by the Bank | | 1 | – | 1 | 1 | – | **1** |
| 14 | Other borrowed funds | 15 | 93,203 | 279,783 | 372,986 | 86,447 | 345,984 | **432,431** |
| 15 | Deferred tax liabilities | 28 | – | 70,803 | 70,803 | – | 67,526 | 67,526 |
| 16 | Total provisions | 16, 17 | 8,066 | 1,748 | 9,814 | 5,140 | 1,512 | **6,652** |
| 17 | Other financial liabilities | 18 | 92,973 | 21,689 | 114,662 | 161,094 | 34,814 | **195,908** |
| 18 | Other non-financial liabilities | 19 | 69,456 | 277 | 69,733 | 79,089 | 2,138 | **81,227** |
| **19** | **Total liabilities** | | **9,745,825** | **374,527** | **10,120,352** | **9,458,715** | **451,975** | **9,910,690** |

## Note 23. Interest income and expense

| | | | |
|---|---|---|---|
| | | | ***(in thousands of Ukrainian hryvnias)*** |
| **Line** | **Item** | **2024** | **2023** |
| **1** | **2** | **3** | **4** |
| | **Interest income** | | |
| 1 | Interest income on loans and advances to banks | 79,040 | 72,203 |
| 2 | Interest income on loans and advances to customers | 284,630 | 349,330 |
| 3 | Interest income on investments in securities at AC | 418,060 | 545,159 |
| 4 | Interest income on domestic government bonds refinanced by the National Bank of Ukraine at FVOCI | 74,493 | 11,006 |
| 5 | Interest income on other debt securities of other countries at FVOCI | 38,549 | 17,478 |
| 6 | Interest income on certificates of deposit of the National Bank of Ukraine placed in banks of Ukraine at FVOCI | 163,335 | 115,184 |
| **7** | **Total interest income at effective interest rate** | **1,058,107** | **1,110,360** |
| | **Interest expense:** | | |
| 8 | Interest expenses on term deposits of corporate customers | (223,349) | (318,953) |
| 9 | Interest income on term deposits of individuals | (96,208) | (42,786) |
| 10 | Interest income on overnight loans from other banks | – | (483) |
| 11 | Interest expenses on current accounts | (129,080) | (208,140) |
| 12 | Interest expenses on loans received from international and other organizations | (7,550) | (7,976) |
| 13 | Interest expense on lease liabilities | (13,009) | (17,354) |
| **14** | **Total interest expenses** | **(469,196)** | **(595,692)** |
| **15** | **Net interest income** | **588,911** | **514,668** |

Line 7 and line 14 in Note 23 corresponds to account “Interest income” and “Interest expense” in the statement of profit or loss.

## Note 24. Commission income and expenses

| | | | |
|---|---|---|---|
| | | | ***(in thousands of Ukrainian hryvnias)*** |
| **Line** | **Item** | **2024** | **2023** |
| **1** | **2** | **3** | **4** |
| | **COMMISSION INCOME:** | | |
| 1 | Cash and settlement services | 133,071 | 115,406 |
| 2 | Bank commission for the lease of safe deposit boxes | 7,706 | 8,863 |
| 3 | Commission for insurance broker services | 1,103 | 1,160 |
| 4 | Commission on Tax Free check payments | 942 | 542 |
| 5 | Transactions with securities | 951 | 904 |
| 6 | Interbank transactions with plastic cards | 24,700 | 20,674 |
| 7 | Guarantees issued | 2,691 | 4,014 |
| 8 | Other | 6 | 11 |
| **9** | **Total fee and commission income** | **171,170** | **151,574** |
| | **COMMISSION EXPENSE:** | | |
| 10 | Cash and settlement services | (56,830) | (50,154) |
| 11 | Commission for services and other commissions | (1,281) | (1,343) |
| 12 | Guarantee expenses | (862) | (2,109) |
| 13 | Services provided by payment systems and transactions with plastic cards | (15,064) | (13,301) |
| **14** | **Total fee and commission expense** | **(74,037)** | **(66,907)** |
| **15** | **Net fee and commission income** | **97,133** | **84,667** |

Line 9 and Line 14 in Note 24 correspond to accounts "Commission income" and "Commission expense" in the statement of profit or loss.

## Note 25. Impairment gains (losses) determined in accordance with IFRS 9

***(in thousands of Ukrainian hryvnias)***

| Line | Item | 2024 | 2023 |
|---|---|---|---|
| **1** | **2** | **3** | **4** |
| 1 | Profit (loss) from impairment of loans and advances to banks | 18 | (918) |
| 2 | Profit (loss) from impairment of loans and advances to customers | 42,869 | 79,373 |
| 3 | Return of previously written-off bad debts of loans to customers | 4,502 | 4,538 |
| 4 | Profit (loss) from impairment of investments in securities | (11,564) | (14) |
| 5 | Profit (loss) from impairment of other financial assets | 96 | 1,744 |
| 6 | Return of previously written-off bad financial assets | 1 | 2 |
| 7 | Profit (loss) from impairment of issued financial guarantees and similar contractual commitments | 1,173 | 39,649 |
| **8** | **Impairment gains (losses) determined in accordance with IFRS 9** | **37,095** | **124,374** |

## Note 26. Other income

***(in thousands of Ukrainian hryvnias)***

| Line | Item | 2024 | 2023 |
|---|---|---|---|
| **1** | **2** | **3** | **4** |
| 1 | Operating lease income | 123 | 25 |
| 2 | Penalties and fines received | 432 | 668 |
| 3 | Undrawn funds upon expiration of limitation period | 1,948 | 384 |
| 4 | Shortages charged to responsible employees | 20 | 215 |
| 5 | Result from disposal of investment property | – | 141 |
| 6 | Result from disposal of property, plant and equipment | 41 | 38 |
| 7 | Result from valuation of property, plant and equipment | – | 45 |
| 8 | Gains from recovering an advance payment for enforcement proceedings, court fees and other related costs | 352 | 300 |
| 9 | Income from lease payments discount | 86 | 126 |
| 10 | Other income received from the International Payment System for PC operations | 7,019 | – |
| 11 | Other | 945 | 2,726 |
| **12** | **Total operating income** | **10,966** | **4,668** |

Line 12 in Note 26 corresponds to account "Other operating income" in the statement of profit or loss.

## Note 27. Other administrative and operating expenses

***(in thousands of Ukrainian hryvnias)***

| Line | Item | 2024 | 2023 |
|---|---|---|---|
| **1** | **2** | **3** | **4** |
| 1 | Business trips | 1,526 | 2,390 |
| 2 | Recruitment services | 41,635 | 32,525 |
| 3 | Maintenance of property, plant and equipment and intangible assets, telecommunication, and other operation services | 279,198 | 251,228 |
| 4 | Operating lease expenses | 1,671 | 1,547 |
| 5 | Cash collection and transportation | 1,891 | 2,017 |
| 6 | Services provided by payment systems on payment cards | 14,772 | 15,164 |
| 7 | Legal services on litigations and payments to collectors | 11,781 | 16,353 |
| 8 | Professional services | 20,245 | 18,388 |

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Item** | **2024** | **2023** |
| **1** | **2** | **3** | **4** |
| 9 | Marketing and advertising expenses | 5,623 | 1,994 |
| 10 | Security expenses | 8,195 | 10,965 |
| 11 | Taxes other than income tax | 46,415 | 52,654 |
| 12 | Costs from impairment of fixed assets | – | 2,605 |
| 13 | (Decrease) increase of provision for unconfirmed cash loss risks | – | (10) |
| 14 | Provision for cover risks of losses due to lawsuits | (729) | (85,664) |
| 15 | Net increase in provisions for impairment of other assets | 8 | – |
| 16 | Provision for other liabilities | 5,000 | – |
| 17 | Other | 41,219 | 24,917 |
| **18** | **Total other administrative and operating expenses** | **478,450** | **347,073** |

Line 18 in Note 27 corresponds to account “Other administrative and operating expenses” in the statement of profit or loss.

Line 4 “Operating lease expenses” includes lease expenses on items that do not qualify for right-of-use assets due to the short-term period of the lease and/or insignificant value of the leased asset. The amount of VAT as part of lease payments paid to the lessor and not reimbursed to the Bank in the amount of UAH 1,055.2 thousand (2023: UAH 995.3 thousand) is included in Article 11 “Payment of other taxes and mandatory payments other than income tax”.

## Note 28. Income tax expense

### *Table 28.1. Income tax benefits*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Item** | **31/12/2024** | **31/12/2023** |
| **1** | **2** | **3** | **4** |
| **1** | **Current income tax** | **5,194** | **(5,134)** |
| **2** | **Change in deferred income tax resulting from:** | **–** | **(864)** |
| 2.1 | origination or write-off of temporary differences | – | (864) |
| 2.2 | increase or decrease in tax rate | – | – |
| **3** | **Total income tax benefit** | **5,194** | **(5,998)** |

Line 3 in Table 28.1 corresponds to account “Income tax benefit” in the statement of profit or loss and other comprehensive income.

The Bank recognizes current income tax as a liability in the amount calculated for the reporting period in accordance with the requirements of the Tax Code of Ukraine. As of 31 December 2024, the tax rate was 50% (2023: 50%). From 1 January 2025, the income tax rate will be 25%.

### *Table 28.2. Reconciliation of accounting loss and taxable loss*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Item** | **31/12/2024** | **31/12/2023** |
| **1** | **2** | **3** | **4** |
| 1 | Profit (loss) before tax | (203,412) | (86,892) |
| 2 | Income tax at applicable tax rate | 101,706 | 43,446 |
| 3 | Effect of changes in unrecognized deferred tax assets (DTA) | (23,179) | (249,053) |
| 4 | The effect of applying different tax rates | (72,540) | 201,714 |
| 5 | Permanent differences – non-deductible expenses | (793) | (2,105) |
| **6** | **Income tax benefits** | **5,194** | **(5,998)** |

### *Table 28.2.1. Tax effects of deferred tax assets and liabilities recognised for 2024*

| | | | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|---|---|
| **Line** | **Item** | **Balance on 1 January 2024** | **Recognised in profit or loss during the year** | **Recognised in OCI during the year** | **Balance on 31 December 2024** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| 1 | **Tax effect of temporary differences** | | | | |
| 1.1 | Property, plant and equipment, intangible assets and investment property, net amount | (67,075) | 22,477 | (23,910) | (68,508) |
| 1.1.1 | Recognized liability | (74,281) | – | (16,704) | (90,985) |
| 1.1.2 | Recognized asset | 7,206 | 22,477 | (7,206) | 22,477 |
| 1.2 | Investment securities at fair value through comprehensive income and adjustments in the cost of financial instruments at initial recognition | (451) | – | (1,844) | (2,295) |
| **2** | **Net of deferred tax asset (liability), including:** | **(67,526)** | **22,477** | **25,754** | **(70,803)** |
| **3** | **Recognized deferred tax liability (hereinafter - DTL)** | **(74,732)** | **–** | **(18,548)** | **(93,280)** |
| **4** | **Recognized deferred tax assets (hereinafter – DTA)** | **7,206** | **22,477** | **(7,206)** | **22,477** |

### *Table 28.2.2. Unrecognised deferred tax assets for 2024*

| | | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|---|
| **Line** | **Item** | **Balance on 1 January 2024** | **Changes in unrecognised deferred tax assets at year-end 2024** | **Balance on 31 December 2024** |
| **1** | **2** | **3** | **4** | **5** |
| 1 | **Tax effect of impaired temporary differences:** | | | |
| 1.1 | Tax losses carried forward | 854,079 | 39,981 | 894,060 |
| 1.2 | Provisions for commitments and other assets | 4,227 | 74 | 4,301 |
| 1.3 | Property, plant and equipment, intangible assets, and investment property | 4,539 | (1,605) | 2,934 |
| **2** | **Total DTA (deferred tax asset)** | **862,845** | **38,450** | **901,295** |
| **3** | **Provision for impairment of deferred tax assets** | **(855,639)** | **(23,179)** | **(878,818)** |
| 3.1 | Provision for tax losses carried forward | (846,873) | (24,710) | (871,583) |
| 3.2 | Provision for impairment of other deferred tax assets | (8,766) | 1,531 | (7,235) |
| **4** | **Net recognized DTA (deferred tax asset)** | **7,206** | **15,271** | **22,477** |

### *Table 28.3.1. Tax effects of deferred tax assets and liabilities recognised for 2023*

| | | | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|---|---|
| **Line** | **Item** | **Balance at 1 January 2023** | **Recognised in profit or loss during the year** | **Recognised in OCI during the year** | **Balance at 31 December 2 023** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| 1 | **Tax effect of temporary differences** | | | | |
| 1.1 | Property, plant and equipment, intangible assets and investment property, net amount | (32,339) | – | (34,736) | (67,075) |
| 1.1.1 | Recognized liability | (39,545) | – | (34,736) | (74,281) |
| 1.1.2 | Recognized asset | 7,206 | – | – | 7,206 |
| 1.2 | Investment securities at fair value through comprehensive income and adjustments in the cost of financial instruments at initial recognition | 864 | (864) | (451) | (451) |
| **2** | **Net of deferred tax asset (liability), including:** | **(31,475)** | **(864)** | **(35,187)** | **(67,526)** |
| **3** | **Recognized deferred tax liability (hereinafter - DTL)** | **(39,545)** | – | **(35,187)** | **(74,732)** |
| **4** | **Recognized deferred tax assets (hereinafter – DTA)** | **8,070** | **(864)** | – | **7,206** |

### *Table 28.3.2. Unrecognised deferred tax assets for 2023*

| | | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|---|
| **Line** | **Item** | **Balance on 1 January 2023** | **Changes in unrecognised deferred tax assets at year-end 2023** | **Balance on 31 December 2023** |
| **1** | **2** | **3** | **4** | **5** |
| 1 | **Tax effect of impaired temporary differences:** | | | |
| 1.1 | Tax losses carried forward | 581,873 | 272,206 | 854,079 |
| 1.2 | Provisions for commitments and other assets | 24,713 | (20,486) | 4,227 |
| 1.3 | Property, plant and equipment, intangible assets, and investment property | 7,206 | (2,667) | 4,539 |
| **2** | **Total DTA (deferred tax asset)** | **613,792** | **249,053** | **862,845** |
| **3** | **Provision for impairment of deferred tax assets** | **(606,586)** | **(249,053)** | **(855,639)** |
| 3.1 | Provision for tax losses carried forward | (574,667) | (272,206) | (846,873) |
| 3.2 | Provision for impairment of other deferred tax assets | (31,919) | 23,153 | (8,766) |
| **4** | **Net recognized DTA (deferred tax asset)** | **7,206** | – | **7,206** |

## Note 29. (Loss)/profit per ordinary share and preference share

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Item** | **31/12/2024** | **31/12/2023** |
| **1** | **2** | **3** | **4** |
| 1 | Loss attributable to holders of ordinary shares | (198,375) | (93,047) |

| | | | |
|---|---|---|---|
| | | | ***(in thousands of Ukrainian hryvnias)*** |
| **Line** | **Item** | **31/12/2024** | **31/12/2023** |
| **1** | **2** | **3** | **4** |
| 2 | Profit attributable to holders of preference shares | 157 | 157 |
| 3 | Loss for the year | (198,218) | (92,890) |
| 4 | Annual average number of ordinary shares outstanding (in thousands of shares) | 1,892,613 | 1,686,586 |
| 5 | Annual average number of preferences shares outstanding (in thousands of shares) | 1,500 | 1,500 |
| 6 | Basic and diluted (loss) per ordinary share (in UAH) | (0.10) | (0.06) |
| 7 | Basic and diluted profit per preference share (in UAH) | 0.10 | 0.10 |

## Note 30. Dividends

| | | | | | |
|---|---|---|---|---|---|
| | | | | | ***(in thousands of Ukrainian hryvnias)*** |
| | | **31/12/2024** | | **31/12/2023** | |
| **Line** | **Item** | **Ordinary shares** | **Preference shares** | **Ordinary shares** | **Preference shares** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| 1 | Balance at 1 January | – | – | – | – |
| 2 | Dividends declared for payout during the period | – | 157 | – | 157 |
| 3 | Increase in reserves due to dividends | – | (157) | – | (157) |
| **4** | **Balance at the end of the period** | – | – | – | – |

In accordance with the shareholder's decision dated 22 July 2024, No. 5/2024, the amount payable as dividends on preferred shares for 2023 was calculated and transferred to the Bank’s reserves.

## Note 31. Contingent liabilities

*Capital investment commitments*

As of 31 December 2024, the Bank had commitments related to the acquisition of fixed assets and intangible assets in the amount UAH 4,013 thousand (2023: UAH 9,608 thousand).

Potential commitments for legal actions are disclosed in Note 17.

### *Table 31.1. Structure of credit-related commitments as of 31 December 2024 and for the year then ended*

| | | | |
|---|---|---|---|
| | | | ***(in thousands of Ukrainian hryvnias)*** |
| **Line** | **Item** | **31/12/2024** | **31/12/2023** |
| **1** | **2** | **3** | **4** |
| 1 | Undrawn credit commitments | 1,056,640 | 1,392,409 |
| 2 | Export letters of credit | 109,616 | 168,396 |
| 3 | Guarantees issued | 4,392 | 2,110 |
| 4 | Provision for credit-related commitments | (3,418) | (4,539) |
| **5** | **Total credit-related commitments less provisions** | **1,167,230** | **1,558,376** |

### *Table 31.2. Changes in credit commitments for 2024*

| | | | | | |
|---|---|---|---|---|---|
| | | | | | ***(in thousands of Ukrainian hryvnias)*** |
| **Line** | **Item** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| **1** | **Commitments at the beginning of the period** | **1,562,915** | – | – | **1,562,915** |
| **2** | **Increase in the amount of commitments for the year** | **1,772,319** | – | **1** | **1,772,320** |

| *(in thousands of Ukrainian hryvnias)* | | | | | |
|---|---|---|---|---|---|
| **Line** | **Item** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| 2.1 | New commitments | 890,703 | – | – | 890,703 |
| 2.2 | Increase in the amount of current commitments | 772,025 | – | 1 | 772,026 |
| 2.3 | Exchange rate differences | 109,591 | – | – | 109,591 |
| **3** | **Decrease in the amount of commitments for the year** | **(2,164,586)** | – | **(1)** | **(2,164,587)** |
| 3.1 | Commitments settled | (1,143,180) | – | (1) | (1,143,181) |
| 3.2 | Commitments that have expired | (937,997) | – | – | (937,997) |
| 3.3 | Exchange rate differences | (83,409) | – | – | (83,409) |
| **4** | **Commitments at the end of the year** | **1,170,648** | – | – | **1,170,648** |

The Bank has outstanding loan commitments. These commitments are represented by approved loans and credit card limits on overdraft terms and credit lines. The total amount of outstanding loan commitments does not necessarily reflect future cash requirements, as such commitments may expire or be canceled without requiring funds.

### *Table 31.3. Changes in provisions for other commitments and contracts of financial guarantee as of 31 December 2024 and for the year ended on that date*

| *(in thousands of hryvnias)* | | | | | |
|---|---|---|---|---|---|
| **Line** | **Item** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| 1 | 2 | **3** | **4** | **5** | **6** |
| **1** | **Provisions for commitments as of the beginning of the year** | **(4,539)** | – | – | **(4,539)** |
| **2** | **Increase in the amount of provision for the year** | **(5,169)** | – | – | **(5,169)** |
| 2.1 | Provision for new commitments | (2,501) | – | – | (2,501) |
| 2.2 | Provision for increase in commitments | (1,500) | – | – | (1,500) |
| 2.3 | Increase in provisions against portfolio deterioration | (899) | – | – | (899) |
| 2.4 | Increasing of provision ftransfers between stages | – | – | – | – |
| 2.5 | Transfers between stages | – | – | – | – |
| 2.6 | Exchange rate differences | (269) | – | – | (269) |
| **3** | **Decrease in the amount of provision for the year** | **6,290** | – | – | **6,290** |
| 3.1 | Decrease in the provision for closing commitments | 809 | – | – | 809 |
| 3.2 | Decrease of the provision for decrease of commitments | 2,604 | – | – | 2,604 |
| 3.3 | Reduction of provisions from improving the quality of the portfolio | 2,660 | – | – | 2,660 |
| 3.4 | Decrease of the provision because of transfers between stages | – | – | – | – |
| 3.5 | Transfers between stages | – | – | – | – |
| 3.6 | Exchange rate differences | 217 | – | – | 217 |
| **4** | **Provisions for commitments at the end of the year** | **(3,418)** | – | – | **(3,418)** |

Line 4 in Table 31.3 corresponds to account "Provisions for credit related commitments and financial guarantees" in the statement of financial position.

### *Table 31.4. Changes in credit commitments for 2023*

| *(in thousands of Ukrainian hryvnias)* | | | | | |
|---|---|---|---|---|---|
| **Line** | **Item** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| **1** | **Commitments at the beginning of the period** | **1,517,744** | **275,828** | **26** | **1,793,598** |

| *(in thousands of Ukrainian hryvnias)* | | | | | |
|---|---|---|---|---|---|
| **Line** | **Item** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| **2** | **Increase in the amount of commitments for the year** | **2,171,926** | **53,033** | **121** | **2,225,080** |
| 2.1 | New commitments | 439,420 | 4 | 8 | 439,432 |
| 2.2 | Increase in the amount of current commitments | 1,399,373 | 31,263 | 38 | 1,430,674 |
| 2.3 | The amount of transition between stages | 156,375 | – | 75 | 156,450 |
| 2.4 | Exchange rate differences | 176,758 | 21,766 | – | 198,524 |
| **3** | **Decrease in the amount of commitments for the year** | **(2,126,755)** | **(328,861)** | **(147)** | **(2,455,763)** |
| 3.1 | Commitments settled | (1,105,414) | (44,883) | (40) | (1,150,337) |
| 3.2 | Commitments that have expired | (942,040) | (108,604) | (84) | (1,050,728) |
| 3.3 | The amount of transition between stages | – | (156,427) | (23) | (156,450) |
| 3.4 | Exchange rate differences | (79,301) | (18,947) | – | (98,248) |
| **4** | **Commitments at the end of the year** | **1,562,915** | – | – | **1,562,915** |

***Table 31.5. Changes in provisions for other commitments and contracts of financial guarantee as of 31 December 2023 and for the year ended on that date***

| *(in thousands of hryvnias)* | | | | | |
|---|---|---|---|---|---|
| **Line** | **Item** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| 1 | 2 | 3 | 4 | 5 | 6 |
| **1** | **Provisions for commitments as of the beginning of the year** | **3,661** | **39,731** | **5** | **43,397** |
| **2** | **Increase in the amount of provision for the year** | **6,763** | **3,338** | **24** | **10,125** |
| 2.1 | Provision for new commitments | 1,635 | – | 2 | 1, 637 |
| 2.2 | Provision for increase in commitments | 2,990 | 390 | 5 | 3,385 |
| 2.3 | Increase in provisions against portfolio deterioration | 700 | – | 1 | 701 |
| 2.4 | Increasing of provision from the transition between stages | 210 | – | 13 | 223 |
| 2.5 | The amount of transition between stages | 839 | – | 3 | 842 |
| 2.6 | Exchange rate differences | 389 | 2,948 | – | 3,337 |
| **3** | **Decrease in the amount of provision for the year** | **(5,885)** | **(43,069)** | **(29)** | **(48,983)** |
| 3.1 | Decrease in the provision for closing commitments | (632) | (12,880) | (17) | (13,529) |
| 3.2 | Decrease of the provision for decrease of commitments | (2,145) | (910) | (6) | (3,061) |
| 3.3 | Reduction of provisions from improving the quality of the portfolio | (2,974) | (15,108) | (3) | (18,085) |
| 3.4 | Decrease of the provision from the transition between stages | – | (10,918) | (3) | (10,921) |
| 3.5 | The amount of transition between stages | – | (841) | – | (841) |
| 3.6 | Exchange rate differences | (134) | (2,412) | – | (2,546) |
| **4** | **Provisions for commitments at the end of the year** | **4,539** | – | – | **4,539** |

***Table 31.6. Credit-related commitments by currencies (including provisions)***

| *(in thousands of Ukrainian hryvnias)* | | | |
|---|---|---|---|
| **Line** | **Item** | **31/12/2024** | **31/12/2023** |
| **1** | **2** | **3** | **4** |
| 1 | UAH | 173,301 | 459,611 |
| 2 | USD | 230,583 | – |
| 3 | EUR | 763,346 | 1,098,765 |
| **4** | **Total** | **1,167,230** | **1,558,376** |

## Note 32. Financial risk management

The Bank manages its risks using a risk management system which is comprehensive, adequate and effective. The risk management system was designed by reference to the specifics of business, business model, nature and scope of operations, risk profile, effective Ukrainian legislation, regulatory acts and recommendations of the NBU, best practices, internal regulations and instructions of the Parent company, the Bank.

The risk management system provides a continuous analysis of risks with the aim of achieving an optimal balance between risk appetites and business strategy, improving the process of making timely and adequate management decisions regarding emerging risks and their mitigation, reducing losses by controlling the ratio of risk management costs and costs, which may be incurred as a result of the impact of such risks, ensuring the functioning of an effective risk management process, a clear demarcation of functions and tasks of all divisions of the Bank using the model of three lines of protection.

The risk management system includes the definition of the organizational structure with the segregation of three lines of defense within the framework of individual processes, a system of internal documents on risk management matters, an information system and directly management tools.

The risk management department is one of the separate structural subdivisions that ensure the Bank's risk management. The Bank's system of internal documents establishes the principles of the risk management system by defining processes, limits, relevant functions, and responsibilities. The documents also specify the risk limits and the principles of risk acceptance in terms of types of activities, and determine the necessary actions in case of exceeding the limits.

The Bank has a risk management system, which consists of the permanent Risk Management Committee of the Supervisory Board and the Bank's Management Committee: Credit Committee, Credit Risk Management Committee, Non-Performing Assets Management Committee, Assets and Liabilities Management Committee, Operational Risk Management Committee, Tender Committee, Environmental, Social and Management Committee, Change Management Committee, Information Security Management Committee and Crisis Management Committee.

In the process of risk management, the Bank identifies the following essential types of risks, including financial risks inherent in its operations: credit risk, liquidity risk, interest rate risk of the banking book, market risk, and non-financial risks: operational risk and compliance risk.

Management of financial risks and operational risk is controlled by the risk management department; the management of compliance risks and related controls is provided by the Department of Compliance and Anti-Money Laundering.

To reduce the negative impact of financial risks and operational risk on the Bank's activities, the risk management department performs the following actions:

- regularly updates internal documents;
- monthly monitors the level of risk appetites and limits established by the Bank and signals the need for an escalation process;
- conducts a stress test at least once a quarter;
- analyzes new products and services from the point of view of risk impact;
- carries out timely and complete preparation of risk reporting for the Bank's corporate bodies in accordance with the periodicity and reporting forms established by the relevant internal documents.

Throughout 2024, the Bank's key risk remained the external political risk associated with russia's attack on Ukraine. However, it no longer required constant immediate actions, as the Bank had adequately prepared over the past three years to ensure uninterrupted operations. Nevertheless, certain risks persist due to potential additional costs for operational activities, as well as constraints in specific areas and the implementation of stricter controls. The main risk factors under martial law remain the loss of human resources and material assets due to the full-scale war, as well as the presence of issued loans and pledged collateral in regions experiencing active hostilities. Due to the partial restraint of real household incomes caused by accelerating inflation, some clients are forced to reduce their bank savings due to increased consumption. Additionally, certain categories of clients prefer investing in government domestic loan bonds (primarily military bonds) instead of bank deposits, which may lead to a reduction in the Bank's funding reserves from individuals.

To minimize and avoid excessive risks caused by war-related factors, the Bank operates under conditions ensuring business continuity, including: maintaining continuous communication with employees, evacuating them from active combat zones to ensure their safety and their ability to support the Bank's operations, as well as providing clients with uninterrupted access to essential services; closing branches in the most dangerous areas to minimize the risk of losing human resources and material assets; constant monitoring of loan collateral (where possible), ongoing analysis of credit portfolio quality (where possible), and working with problem borrowers (where possible).

### *Credit risk*

Credit risk is the probability of losses or additional losses or failure to receive planned income as a result of the debtor's/counterparty's failure to fulfill the obligations assumed in accordance with the terms of the contract.

Credit risk arises from all active banking operations, with the exception of debt securities and other financial instruments in the Bank's trading book.

Credit risk is contained in all types of activities where the outcome depends on the activities of the contractor, issuer or borrower. This occurs every time the Bank pays funds, commits to their submission, invests funds or otherwise risks them in accordance with the terms of actual or notional agreements, regardless of whether the transaction is on-balance sheet or off-balance sheet.

The Bank calculates the amount of credit risk by assets on an individual or group basis.

The objective of credit risk management is to maximize the Bank's risk-adjusted rate of return by keeping credit risk within acceptable parameters and ensuring that risk decisions made within the organization are within and consistent with the nature and level of risk that stakeholders in the organization are ready to take over. The Bank manages the credit risk inherent in the entire portfolio, as well as the risk in individual loans or operations.

The Bank combines financial assets with similar characteristics into groups with similar characteristics, in particular:

1) purpose;

2) type of product;

3) size, which is applied to loans that are combined in:

   - groups of loans granted to borrowers – legal entities (except for borrowers – managing organizations for condominiums, housing complexes);

   - groups of loans granted to borrowers – individuals, for which mortgage items are collateral;

   - groups of loans granted to borrowers – individuals, for which purchased vehicles are collateral;

   - groups of loans granted to borrowers – individuals, secured by other types of collateral;

   - groups of loans granted to borrowers – individuals, unsecured.

4) the materiality of the amount of individual claims (the maximum amount of debt for several loans of one borrower/counterparty included in the group cannot exceed the limit established for the corresponding group);

5) frequency and amount of debt payment by the borrower, which are determined by the terms of the loan agreement.

Individual credit risk is the risk of a specific borrower/counterparty of the Bank. The assessment of individual credit risk involves the assessment of creditworthiness of an individual debtor/counterparty, i.e. their individual ability to settle the obligations assumed in full and on schedule.

To reduce credit risk, a system of types and conditions of credit operations is used regarding terms, borrowers, security, interest rates and methods (methods) of their accrual, limitation, diversification of the credit portfolio, creation of reserves, monitoring and control of risks.

In order to mitigate the impact of credit risk on the Bank, in addition to the already defined actions, the risk management department performs the following actions:

- monthly monitoring of the loan portfolio quality depending on the number of days of default:
  - borrowers or groups of related counterparties;
  - borrowers with a joint business activity;
  - borrowers from the same geographical region;
  - credit products;
- monitors on a monthly basis the structure of loan charges/receivables;
- on a monthly basis monitors the adequacy of the Bank's loan loss provisions in line with the requirements of the IFRS and the level of credit risk in line with the requirements of the NBU;
- monthly analysis of PL/NPL loan portfolio movements and reserves in main currencies (UAH, USD, EUR);
- develops credit risk management schemes based not only on national standards but also on international practice.

The credit risk factor is the presence of overdue debt and accrued outstanding income. In 2024, work with clients continues for greater repayment of problematic debt, which reduces the level of existing risk and negative impact on the Bank's regulations, and there was also a return to regular revaluations of the collateral value; current restrained and selective lending to the corporate and retail segments with strict credit risk control.

The Risk Management Department is responsible for the development of certain high -level internal documents necessary to ensure effective credit risk management: politicians, guidelines and basic documents (methodologies, implementation procedures, etc.). High-level documents should include goals, organizational process, forms and frequency of reporting, risk-appetites and limits, as well as the escalation process, and must be approved by the relevant collegial body. The main documents must also be approved by the relevant collegial body. The Bank can combine internal documents in one or more. Credit write-offs are regulated by relevant internal documents.

The carrying amount of items in the statement of financial position, including derivative financial instruments, best reflects the maximum credit risk for such items. For financial instruments recorded at fair value, their carrying value reflects the current, and not the maximum amount of credit risk, which may change in the future due to changes in value.

Credit risk is calculated in the following main areas: customer loans, bank loans, receivables, securities, guarantees, letters of credit.

Government securities are characterized by low credit risk. The assessment of the calculation of provisions for domestic government bonds, the NBU’s Certificates of Deposit and Correspondent Account with the NBU is based on the risk parameters from the rating agencies “Fitch Ratings” and “Moody's Investors Service”, namely according to the following algorithm:

$$Provisions = PD_n * LGD * EAD$$

Given that the obligations in hryvnia of the National Bank of Ukraine and the central executive authorities of Ukraine are state-backed and considering that the NBU classifies them as risk-free hryvnia assets.

### *Market risk*

Market risk is the probability of losses or additional losses or failure to receive planned income as a result of unfavorable changes in foreign currency exchange rates, interest rates, and the cost of financial instruments. It can also be defined as the risk of losses on balance sheet and off-balance sheet positions arising as a result of adverse changes in market prices. From a regulatory point of view, market risk arises from all positions included in the banks' trading book, as well as from commodity and currency risk positions throughout the balance sheet.

The Bank is exposed to market risk arising from open positions sensitive to changes in interest rates, exchange rates and other market risk factors, which largely depend on general and specific market changes. This is the risk that the fair value or future cash flows of financial instruments will change due to fluctuations in market variables such as interest rates, currency exchange rates and security yields.

The purpose of market risk management is to keep the impact of the Bank's market risk within self-established parameters within the range of possible changes in the market, for example, the exchange rate, the market price of instruments, etc.

In order to reduce the impact of market risk on the Bank, in addition to the already defined actions, the risk management department performs the following actions:

- daily monitors the level of the open currency position;
- daily forecasts the value of the open currency position and its relation to the regulatory capital;
- daily analyzes market changes taking into account the dynamics of exchange rates and market prices for securities;
- daily assesses market risk by calculating value at risk (VaR) for currency and commodity risks;
- calculates the minimum market risk on a ten-day basis, which consists of foreign exchange and commodity risks of the banking book;
- establishes the relationship between the quantitative assessment of market risk and the Bank's profit.

The risk management department is responsible for the development of separate high-level internal documents necessary to ensure effective market risk management: policies, guidelines and basic documents: methodologies, implementation procedures, etc. High-level documents should include objectives, organizational process, reporting forms and frequency, risk appetites and limits, and an escalation process, and should be approved by the relevant collegial body. The main documents must also be approved by the relevant collegial body. The Bank can combine internal documents in one or more. The Bank should develop documents for managing the market risk of the trading book only if such transactions are planned, and in advance before their implementation.

Throughout 2024, a new approach to calculating the minimum market risk was fully implemented as a component of the total risk exposure used for capital adequacy ratio calculations. The foreign exchange risk represents the largest component of the minimum market risk in terms of the banking book, while the commodity risk for banking metals remains relatively insignificant. A key feature of the minimum market risk calculation is that foreign exchange risk includes gold, whereas commodity risk includes other banking metals except for gold. This distinction applies solely to the calculation of minimum market risk. In all other cases, gold is considered part of commodity risk, while foreign exchange risk includes only foreign currencies.

Until 5 August 2024, the calculation of market risk for capital adequacy ratios was performed by determining the total open currency position, where the larger of the two (short or long) open currency positions in absolute terms was identified and supplemented by the total position in banking metals.

The new calculation approach provides for separate assessments of foreign exchange and commodity risks, as well as the application of NBU-defined scaling factors for each type of risk as components of market risk.

If we compare the values of two reporting dates, there is a difference between the two calculations:

- the new calculation assumes that for inclusion in the aggregate risk exposure, the resulting value of the "minimum market risk size must be multiplied by 10";
- the previous calculation assumed the calculation of the "aggregate currency position".

The value according to the new calculation is of greater importance and impact on capital adequacy ratios than the value according to the previous calculation:

- aggregate currency position as of 31 December 2024, amounts to UAH 65,725 thousand (currently not used in calculations), whereas as of 31 December 2023, it was UAH 102,012 thousand (previously used in calculations);
- the minimum market risk multiplied by 10 as of 31 December 2024, amounts to UAH 88,080 thousand (used in calculations), whereas as of 31 December 2023, it was UAH 132,329 thousand (not yet used in calculations – provided to the NBU in test mode):
  - the foreign exchange risk before applying the 1.5 scaling factor as of 31 December 2024, amounts to UAH 5,162 thousand, whereas as of 31 December 2023, it was UAH 8,237 thousand;
  - the commodity risk before applying the 2.375 scaling factor as of 31 December 2024, amounts to UAH 448 thousand, which remains unchanged compared to 31 December 2023 it was UAH 370 thousand.

The new approach also includes the assessment of trading book risks. However, as the Bank does not conduct such operations, the calculation focuses solely on the two risks within the banking book.

### *Currency and commodity risks*

Currency risk arises due to adverse fluctuations in foreign exchange rates affecting assets, liabilities and off-balance sheet positions contained in the Bank's trading and banking books.

Commodity risk arises due to adverse changes in the market price of goods held in the Bank's trading and banking books.

The Bank does not carry out transactions in the trading book, the Bank works only in the banking book, thus the market risk to which the Bank is exposed, from a regulatory point of view, is only currency risk and commodity risk (the risk of commodity positions, which for the Bank is represented by bank metals).

The Bank's main approach and tool for currency and commodity risks management is limiting. The Bank applies this tool by setting risk appetites and limits:

- on the coefficient of currency VaR (value at risk) in relation to regulatory capital (it was observed: as of 31 December 2024, with a value of 0.05%, risk appetite is < 5%; as of 31 December 2023 – 0.08%, risk appetite – < 16%);

- on the coefficient of commodity VaR in relation to regulatory capital (it was observed: as of 31 December 2024, with a value of 0.01%, risk appetite is < 1%; as of 31 December 2023 – 0.02%, risk appetite – < 1%);
- to the total open currency position of the Bank (for all foreign currencies and bank metals), in accordance with the normative requirements of the NBU regarding regulatory capital (it was observed: as of 31 December 2024, the value of the total short open currency position of the Bank is 2.93% and the total long open currency position of the Bank is 0.27%, limit < 5% for the total short and long open currency position, as of 31 December 2023 – 1.00% and 0.27%, respectively, limit < 5% for total short and long open currency position);
- the internal limits of the currency position in terms of currencies were observed for US dollars and euros separately and for the total open currency position of the Bank in absolute terms for all currencies.

The system of internal limits makes it possible to comprehensively and adequately manage the amount of currency and commodity risks using the principles of risk management adopted by the Bank. For currency and commodity risks management, the Bank has established a general risk appetite, and limits in accordance with the requirements of the NBU. Such limits are necessary to prevent unexpected losses from significant fluctuations in exchange rates and commodity prices.

The currency risk factor is the dependence on fluctuations in the exchange rate of foreign currencies. The Bank's impact: control over the open currency position (for all foreign currencies), achieving the maximum possible size of the "closed" position, taking into account the specifics of the calculations implemented by the NBU during 2022 and the transition to the regime of managed flexibility of the exchange rate in October 2023.Currently, the calculations of the open currency position in order to comply with the regulatory values according to the approach of the NBU force the Bank to maintain a short open currency position based on the reserves for customer loans formed after July 2022.

The commodity risk factor is the dependence on fluctuations in the market price of goods. The Bank's influence: control over the open commodity position (for bank metals), achieving the maximum possible size of the "closed" position.

### *Table 32.1. Currency risk analysis*

| | | | | | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|---|---|---|---|
| **Line** | **Currency** | **31/12/2024** | | | **31/12/2023** | | |
| | | **Monetary assets** | **Monetary liabilities** | **Net position** | **Monetary assets** | **Monetary liabilities** | **Net position** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **9** |
| 1 | USD | 1,943,231 | 2,003,448 | (60,217) | 1,896,065 | 1,991,017 | (94,952) |
| 2 | EUR | 1,345,235 | 1,350,522 | (5,287) | 1,257,511 | 1,261,127 | (3,616) |
| 3 | GBP | 6,737 | 6,749 | (12) | 4,315 | 4,214 | 101 |
| 4 | Other | 18,342 | 19,894 | (1,552) | 18,667 | 19,233 | (566) |
| **5** | **Total** | **3,313,545** | **3,380,613** | **(67,068)** | **3,176,558** | **3,275,591** | **(99,033)** |

***Table 32.2. Sensitivity of profit or loss and equity to potential changes in official UAH exchange rates as of the reporting date, assuming that all other variables remain constant***

| | | | | | |
|---|---|---|---|---|---|
| | | | | | ***(in thousands of Ukrainian hryvnias)*** |
| **Li-ne** | **Item** | **Weighted average FX rate at 31/12/2024** | | **Weighted average FX rate at 31/12/2023** | |
| | | **effect on profit/(loss)** | **effect on equity** | **effect on profit/(loss)** | **effect on equity** |
| **1** | **2** | **3** | **3** | **3** | **6** |
| 1 | USD strengthening by 20 % | (11,503) | (11,503) | (18,286) | (18,286) |
| 2 | USD weakening by 20 % | 11,503 | 11,503 | 18,286 | 18,286 |
| 3 | EUR strengthening by 20 % | (1,046) | (1,046) | (678) | (678) |
| 4 | EUR weakening by 20% | 1,046 | 1,046 | 678 | 678 |
| 5 | GBP strengthening by 20% | (2) | (2) | 19 | 19 |
| 6 | GBP weakening by 20% | 2 | 2 | (19) | (19) |
| 7 | Strengthening of other currencies by 20% | (296) | (296) | (117) | (117) |
| 8 | Weakening of other currencies by 20% | 296 | 296 | 117 | 117 |

### *Interest rate risk in the banking book*

The interest rate risk factor is the dependence on fluctuating interest rates on financial instruments. The Bank pursues a balanced policy to achieve a balance between assets and liabilities.

Interest rate risk of the banking book is the probability of losses or additional losses or failure to receive planned income as a result of the impact of adverse changes in interest rates on the banking book. It refers to the current or anticipated risk to the Bank's capital and income arising from adverse changes in interest rates that affect the bank's book position. When interest rates change, the current value and timing of future cash flows change. This, in turn, changes the underlying value of the Bank’s assets, liabilities and off-balance sheet items, and therefore its economic value (EVE). Changes in interest rates also affect the Bank's income by changing interest rate-sensitive income and expenses, which affects net interest income (NII).

The purpose of interest rate risk management of the banking book is to keep the impact of the Bank’s interest rate risk within self-established parameters within the range of possible changes in interest rates.

In order to reduce the impact of interest rates on the Bank's activities, in addition to the already defined actions, the risk management department performs the following actions:

- conducts a monthly GAP analysis of interest-bearing assets and liabilities;
- performs a monthly analysis of the dynamics of yield curves in major currencies (hryvnia, dollar, euro);
- monthly assesses the interest rate risk of the banking book by calculating offsets for:
    - the economic value of EVE’s capital according to the approach of the Parent Company – an increase in the yield curve by 100 bp. (the value of the Bank was observed within the framework of the established risk appetites (RAF): as of 31 December 2024, the value is -0.39 million euros, the risk appetite is +1.5 / -4 million euros; as of 31 December 2023, it is -0.28 million euros, the risk appetite is +1.5 / -4 million euros);
    - net interest income of NII according to the approach of the Parent Company – a negative result for an increase / decrease of the yield curve by 50 bp. (the value of the Bank was observed within the framework of the established risk appetites (RAF): as of 31 December 2024 the value is -0.02 million euros, the risk appetite is < -1 million euros; as of 31 December 2023 it is -0.06 million EUR, risk appetite is < -1 million EUR);

- the economic value of EVE capital according to the NBU approach – the maximum negative shift (the value of the Bank was observed within the established risk appetites (RAS): as of 31 December 2024 the value is -1.60 million euros, the risk appetite is < -6 million euros; as of 31 December 2024 it is -0.13 million euros, the risk appetite is < -12 million euros) – the most significant the change occurred due to the adjustment of the calculation methodology in accordance with the clarifications of the NBU;
- and net interest income (NII) under the NBU approach – maximum negative deviation (the Bank's value remained within the established risk appetites (RAS)): as of 31 December 2024, the value is -0.42 million euros, with a risk appetite threshold of < -6 million euros; as of 31 December 2023, the value was -1.49 million euros, with a risk appetite threshold of < -10 million euros. The most significant change was driven by amendments to regulatory requirements, particularly the reclassification of demand and overnight funds as the most influential factors, whereas under the previous NBU requirements, they had no impact.

- performs a monthly analysis by terms and individual currencies (the value of the Bank was observed within the established limits);
- establishes the ratio of the quantitative assessment of the interest rate risk of the banking book (the maximum negative value calculated according to the NBU approach) for NII with the Bank's profit (it was observed: as of 31 December 2024 the value is 2.72%, the limit is <35%; as of 31 December 2023 is 21.35%, the limit is <25%) and for EVE to the regulatory capital of the Bank (it was observed: as of 31 December 2024 the value is 4.49%, the limit is <35%; as of 31 December 2023 it is 0.80 %, the limit is <35%);
- prepares quarterly reports for the NBU in accordance with the established forms;
- prepares its contribution to the reporting for the ECB on a quarterly basis and submits it to the Parent Company for consolidation.

The Risk Management Department is responsible for the development of separate high-level internal documents necessary to ensure effective interest rate risk management of the banking book: policies, guidelines and basic documents: methodologies, implementation procedures, etc. High-level documents should include objectives, organizational process, reporting forms and frequency, risk appetites and limits, as well as an escalation process, and should be approved by the relevant collegial body. The main documents must also be approved by the relevant collegial body. The Bank can combine internal documents in one or more.

In the general analysis of interest rate risk as of 31 December 2024, and 2023, financial assets and financial liabilities that are not sensitive to interest rate changes are not taken into account, namely: cash; other financial assets; other financial obligations.

For financial instruments sensitive to interest rate changes and presented in the Bank's Statement of Financial Position, fixed and floating rates are provided, which are reviewed in accordance with the contracts concluded with clients and in accordance with the Bank's internal procedures.

Floating rates are provided only for a small part of financial assets in hryvnia (loans and advances to customers, in particular long-term loans to individuals with a revise of the rate determined by the agreement (mortgage loans) and loans to legal entities under the program "Affordable Loans at 5-7-9%" with a quarterly revision of the rate), only fixed rates are provided for all other financial assets and liabilities.

The impact of a change in financial instruments sensitive to changes in the interest rate is assessed by calculating monthly shifts for the economic value of capital (EVE) and net interest income (NII).

According to the approach of the Parent Company:

- for the EVE method, it is assumed that long-term financial instruments have the greatest influence. The interest rate change scenarios for the Bank are considered as follows: with the current distribution of assets and liabilities, there is a decrease in the economic value of capital when the yield curve increases by 100 bps; – the main reason for this impact is long-term assets (loans) and shorter-term funding (deposits);

- for the NII method, which considers financial instruments with a term of up to 1 year, it is assumed that the most influential are financial instruments on demand. The interest rate change scenarios for the Bank are considered as follows: with the current distribution of assets and liabilities, net interest losses are observed when the yield curve increases by 50 bp. However, after the Bank's capital increase in 2024, within a few months, net interest losses were reversed with a 50 bps drop in the yield curve due to an increase in interest-bearing assets to 12 months without a simultaneous increase in interest-bearing liabilities (due to capital, which is not a component of interest rate risk measurement).

According to the NBU's approach, the maximum negative value from four mandatory and two additional scenarios is considered (the Bank considers all six scenarios). If there is a positive change in the value of a single currency, which leads to a decrease in the value of all currencies, this currency is taken into account in the amount of only 50%:

- for the EVE method, it is assumed that financial instruments with the most significant duration have the greatest influence. The interest rate change scenarios for the Bank are considered as follows: with the current distribution of assets and liabilities, there is a decrease in the economic value of capital with an increase in the yield curve for various scenarios for the local currency (hryvnia) and with a decrease/increase in the yield curve for US dollars and euros (depending on the specifics of a particular scenario), in general the local currency has the greatest impact, as long-term loans (the most influential component) are placed among hryvnia-denominated assets;

- for the NII method, which considers financial instruments with maturities of up to 1 year, it is assumed that the most influential financial instruments are those with the shortest maturities, mainly demand deposits. Interest rate scenarios for the Bank are considered as follows: with the current distribution of assets and liabilities, net interest losses are observed with a falling yield curve for various scenarios for the local currency (UAH) and with a short-term rise of up to 6 months of the yield curve for USD and EUR; due to diversification of the securities portfolio in the time interval up to 12 months for UAH and up to 6 months for USD and EUR, foreign currencies have a greater impact due to their concentration in a shorter period.

As stated above, during 2024 and 2023, the Bank adhered to the established risk appetites and limits determined within the framework of the EVE and NII methods.

***Table 32.3. General analysis of interest rate risk***

*(in thousands of Ukrainian hryvnias)*

| Line | Item | On demand and less than 1 month | From 1 to 6 months | From 6 to 12 months | More than a year | Total |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| **31/12/2024** | | | | | | |
| 1 | Total financial assets | 3,179,984 | 5,120,956 | 518,669 | 832,061 | 9,651,670 |
| 1.1 | incl. floating rate | 36,542 | 186,128 | 21,517 | 517,996 | 762,183 |
| 2 | Total financial liabilities | 7,184,808 | 2,406,769 | 76,726 | 301,699 | 9,970,002 |
| 3 | Net interest rate gap at the end of the period | (4,004,824) | 2,714,187 | 441,943 | 530,362 | (318,332) |
| **31/12/2023** | | | | | | |
| 4 | Total financial assets | 3,542,667 | 2,355,252 | 107,455 | 848,958 | 6,854,332 |
| 4.1 | incl. floating rate | 7,931 | 13,072 | 18,547 | 628,979 | 668,529 |
| 5 | Total financial liabilities | 7,627,313 | 1,660,621 | 86,553 | 380,799 | 9,755,286 |

| | | | | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|---|---|---|
| **Line** | **Item** | **On demand and less than 1 month** | **From 1 to 6 months** | **From 6 to 12 months** | **More than a year** | **Total** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** |
| 6 | Net interest rate gap at the end of the period | (4,084,646) | 694,631 | 20,902 | 468,159 | (2,900,954) |

### *Table 32.4. Monitoring of interest rates on financial instruments;*

| | | | | | | | | | **(%)** |
|---|---|---|---|---|---|---|---|---|---|
| **Line** | **Item** | **31/12/2024** | | | | **31/12/2023** | | | |
| | | **UAH** | **USD** | **EUR** | **other** | **UAH** | **USD** | **EUR** | **other** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** |
| **Assets** | | | | | | | | | |
| 1 | Cash and cash equivalents | – | – | – | – | – | – | – | – |
| 2 | Loans and advances to banks | – | – | 3.00 | 5.20 | – | – | 5.52 | – |
| 3 | Loans and advances to customers | 14.30 | 5.87 | 4.53 | – | 14.57 | 7.04 | 5.42 | – |
| 4 | Investments in securities at amortised cost | 13.50 | – | – | – | 15.00 | – | – | – |
| 5 | Investments in securities at FVOCI | 16.34 | – | – | – | 18.51 | – | – | – |
| **Liabilities** | | | | | | | | | |
| 6 | Due to customers | | | | | | | | |
| 6.1 | current accounts | 0.23 | 0.00 | 0.00 | – | 1.78 | 0.01 | 0.00 | – |
| 6.2 | term deposits | 11.35 | 0.90 | 0.37 | – | 12.28 | 1.32 | 0.62 | – |

### *Other price risk*

For the Bank, another price risk arises when investing funds in securities. Investments in securities are carried out within the established limits. Approval of limits for transactions with securities is carried out by the relevant committee of the Parent Company. Limits are established by issuers and individual issues of securities. Limits are set for a limited period of time, after which they are subject to review.

The issue of the need to set limits is initiated by the treasury and stock markets department of the main financial administration. The risk management department prepares conclusions about the possibility of setting such limits, after which the appropriate materials are submitted for consideration to the relevant committee of the Parent Company. After receiving approval, the internal document with the specified limits is approved at the Bank level.

Monitoring of compliance with established limits is carried out on an ongoing basis by the risk management department.

The assessment of other price risk is carried out within the limits of other types of risk. During 2024 and 2023, the Bank adhered to the established limits for investing in securities by issuers and individual issues of securities.

### *Geographic risk*

Geographical risk is determined by the specificity of a certain administrative or geographical area, which is characterized by conditions different from the average conditions of the country as a whole. The differences may relate to climatic, national, political, legislative and other features of the region, which affect the borrower's condition and are a component of credit risk.

The concentration of assets and liabilities by region is given in tables 32.5, 32.6.

***Table 32.5. Analysis of geographic concentration of financial assets and financial liabilities as of 31 December 2024***

*(in thousands of Ukrainian hryvnias)*

| Line | Item | Ukraine | OECD | Other countries | Total |
|---|---|---|---|---|---|
| **1** | **2** | **3** | **4** | **5** | **6** |
| **Assets** | | | | | |
| 1 | Cash and cash equivalents | 1,097,254 | 681,842 | 756 | 1,779,852 |
| 2 | Loans and advances to banks | – | 290,160 | – | 290,160 |
| 3 | Loans and advances to customers | 2,229,053 | 1 | 5,639 | 2,234,693 |
| 4 | Investments in securities | 5,417,402 | 1,681,117 | - | 7,098,519 |
| 5 | Other financial assets | 25,695 | 2,606 | (3) | 28,298 |
| **6** | **Total assets** | **8,769,404** | **2,655,726** | **6,392** | **11,431,522** |
| **Liabilities** | | | | | |
| 7 | Due to customers | 9,251,739 | 219,105 | 11,509 | 9,482,353 |
| 8 | Debt securities issued by the Bank | 1 | – | – | 1 |
| 9 | Other borrowed funds | – | 372,986 | – | 372,986 |
| 10 | Other financial liabilities | 110,747 | 2,704 | 1,211 | 114,662 |
| **11** | **Total liabilities** | **9,362,487** | **594,795** | **12,720** | **9,970,002** |
| 12 | Net balance sheet position | (593,083) | 2,060,931 | (6,328) | 1,461,520 |

***Table 32.6. Analysis of geographic concentration of financial assets and financial liabilities as of 31 December 2023***

*(in thousands of Ukrainian hryvnias)*

| Line | Item | Ukraine | OECD | Other countries | Total |
|---|---|---|---|---|---|
| **1** | **2** | **3** | **4** | **5** | **6** |
| **Assets** | | | | | |
| 1 | Cash and cash equivalents | 1,701,521 | 1,716,701 | 817 | 3,419,039 |
| 2 | Loans and advances to banks | – | 133,374 | – | 133,374 |
| 3 | Loans and advances to customers | 2,021,681 | 1 | 4,708 | 2,026,390 |
| 4 | Investments in securities | 3,828,098 | 789,026 | – | 4,617,124 |
| 5 | Other financial assets | 76,476 | 967 | – | 77,443 |
| **6** | **Total assets** | **7,627,776** | **2,640,069** | **5,525** | **10,273,370** |
| **Liabilities** | | | | | |
| 7 | Due to customers | 8,962,900 | 153,924 | 10,121 | 9,126,945 |
| 8 | Debt securities issued by the Bank | 1 | – | – | 1 |
| 9 | Other borrowed funds | – | 432,431 | – | 432,431 |
| 10 | Other financial liabilities | 188,271 | 6 312 | 1,325 | 195,908 |
| **11** | **Total liabilities** | **9,151,172** | **592,667** | **11,446** | **9,755,285** |
| 12 | Net balance sheet position | (1,523,396) | 2,047,402 | (5,921) | 518,085 |

### *Liquidity risk*

Liquidity risk is the probability of losses or additional losses or failure to receive planned income as a result of the Bank's inability to finance the growth of assets and/or fulfill its obligations in due time. It is also defined as the risk of the Bank not being able to fulfill its payment obligations due to the inability to obtain funds on the market (funding liquidity risk) or to liquidate its assets (market liquidity risk).

The types of operations causing liquidity risk are defined as active and passive operations with different maturities, which cause gaps in the time ranges of cash flows.

The purpose of liquidity risk management is to provide a high degree of confidence that the Bank has the ability to both meet its daily liquidity obligations and withstand a period of liquidity stress affecting both secured and unsecured funding, the source of which may be a particular bank or the entire market.

Liquidity management is carried out by the Department of Treasury and Stock Markets. Liquidity risk management is controlled by the risk management department.

Tasks of liquidity risk management within the operating day:

- ensuring that the Bank has sufficient funds to cover planned and unplanned liquidity needs;
- ensuring the execution of banking operations in accordance with established limits, procedures and rules;
- compliance with the requirements of the NBU regarding liquidity standards, mandatory reserve norms, etc.

The process of liquidity management within the operating day is managed by the department of treasury and stock markets of the main financial department. And the liquidity risk management process is managed by the treasury and stock markets department of the main financial department and the risk management department.

The term liquidity management process is carried out by the treasury and stock markets department of the main financial department and the risk management department.

The liquidity risk factor is certain inconsistencies between the terms of attracting funds from clients and the placement of the Bank's resources, which is caused by the market situation and the structure of the Bank's balance sheet, and the instability of the resource base of the banking system. The influence of the Bank is the control of liquidity gaps, attracting funds from clients, investing in highly liquid assets, and a balanced lending policy.

In the conditions of martial law, the Bank pays considerable attention to ensuring the necessary amount of liquid funds, sufficient both to meet the requirements of the NBU regarding liquidity, and to provide effective customer service.

Thus, as of 31 December 2024, the volume of funds (cash, funds on a correspondent account with the NBU and on correspondent accounts in other banks) amounted to UAH 1,781,874 thousand equivalent, or 15% of the total volume of the Bank's assets, the volume of high-quality liquid securities (certificates of deposit of the National Bank of Ukraine, government securities and debt securities of government bodies of the G7 countries with ratings of the world's leading rating agencies not lower than “AA-”/“Aa3”) – UAH 6,950,436 thousand equivalent (by nominal value), or 57% of the Bank’s total assets.

As of 31 December 2023, the amount of cash amounted to UAH 3,447,291 thousand equivalent, or 32% of the total volume of the Bank's assets, the volume of high-quality liquid securities (NBU certificates of deposit, government securities and debt securities of G7 countries with ratings of AA-/Aa3 or higher by leading global rating agencies) – UAH 4,597,903 thousand equivalent (at nominal value), or 42% of the Bank’s total assets.

In order to reduce the impact of liquidity risk on the Bank, in addition to the already defined actions, the risk management department carries out the following actions:

- performs daily analysis of high-quality liquid assets (HQLA) and their trends;
- performs weekly: analysis of short-term cash flows (detailed distribution up to 3 months); calculation of LCR according to the approach of the Parent company; analysis of daily changes in funding in terms of amounts, type of clients and their residency;

- contributes to anti-crisis exercises conducted by supervisory and resolution authorities in accordance with established schemes and frequency – currently, this includes the preparation of SLT (weekly) and Joint Liquidity Exercise (JLT) reports (annually) at the request of the ECB Supervisory Board, which includes the liquidity evolution, the Maturity ladder (information on instruments broken down by different time intervals) and details of collateral, as well as the LCR report under the Parent company approach (excluding intercompany transactions);
- monthly assesses liquidity risk by calculating LCR and NSFR (Net Stable Funding Ratio) (risk appetites and internal limits are observed by the Bank):
- as of 31 December 2024, LCR was 374%, risk appetite is 110% and early warning limits (EWL) – > 122.5% (as of 31 December 2023, LCR was 324%, risk appetite is >110% and EWL – >120%);
- as of 31 December 2024, NSFR was 167%, risk appetite was > 102.5% and EWL was >105% (as of 31 December 2023, NSFR was 250%, risk appetite was > 102.5% and EWL was >104%) – the main deterioration in 2024 was caused by a change in the capital structure: capital components are part of ASF and deductions from capital are part of RSF; previously, all regulatory capital was part of ASF;
- assesses liquidity risk on a monthly basis by calculating internal indicators:
- short-term liquidity – Survival Period, which measures the first day when the Net Liquidity Position becomes negative (i.e. when the Bank will not have further liquidity to cover the modelled net outflows/inflows). The limit of the RAF early warning indicator as “Worst-case scenario survival period” is defined to understand whether the Bank has enough short assets, including high quality liquid assets, to repay customers within 90 days in a stress scenario. As of 31 December 2024, the worst-case scenario survival period is more than 5 years with a limit of equal or more than 90 days (as of 31 December 2023, the worst-case scenario survival period was more than 5 years with a limit of equal or more than 90 days) – this is the number of days when liquidity reserves are sufficient to allow the Bank to continue operating without limiting loans to customers, even under stress;
- long-term liquidity – net loans to customers to direct funding ratio (loan to funding ratio) is a structural liquidity indicator that measures the ratio between loans and funding, assessing the degree of self-financing of total customer lending operations by the Bank’s own funding sources. As of 31 December 2024, the loan to funding ratio was 23.1%, risk appetite was < 105% (as of 31 December 2023, the loan to funding ratio was 21.7%, risk appetite was < 105%);
- calculates NBU liquidity indicators daily/every 10 days:
  - daily LCR standard in all currencies (the value of the Bank within the established regulatory values: as of 31 December 2024, the value is 231.1%, the limit is >100%; as of 31 December 2023, it is 222.4%, the limit is >100%);
  - daily LCR standard in foreign currencies (the Bank's value within the established regulatory values: as of 31 December 2024, is 800.1%, the limit is >100%; as of 31 December 2023, it is 663.1% with a limit >100%);
  - the NSFR standard in all currencies every decade (the Bank’s value within the established regulatory values: as of 31 December 2024, is 144.7%, the limit is >100%; as of 31 December 2023, is 200.9%, the limit is >100%) – the main deterioration in 2024 is caused by the change in the capital structure: capital components are part of ASF and deductions from capital are part of RSF; previously, all Regulatory Capital was part of ASF, while NCR was deducted from RSF;
  - the NSFR standard in foreign currencies and the NSFR standard in hryvnia every decade (calculated every decade without the normative value of the limit set by the NBU);

- monthly conducts GAP analysis based on contractual cash flows (GAP analysis is carried out to analyze the possibility of compliance with NBU regulatory values, risk appetites, internal limits in order to forecast the possibility of ensuring high-quality work of the Bank) – the Bank performs gap analysis on a monthly basis in more depth, as well as on a weekly basis in a more general context and on a daily basis for the BTA instruments;
- daily monitors internal concentration limits established by relevant internal documents.

Control of liquidity management is carried out by the department of treasury and stock markets of the main financial department. Liquidity management takes place with the participation of the Assets and Liabilities Management Committee, the Risk Management Department, the Chief Financial Department, the Chief Department of Business and the Parent Company.

Liquidity management in crisis circumstances, caused by the deterioration of the Bank's financial condition, is outlined in the Liquidity Management Plan in emergency situations (hereinafter – CLP).

The purpose of the CLP is to protect the Bank's assets and, at the same time, guarantee the continuity of operations in conditions of extreme liquidity need, ensures:

- identification of early warning signals, their constant monitoring and determination of procedures to be implemented in situations of liquidity stress;
- the legality of the work of the management responsible for liquidity management in emergency situations, which should be able to quickly and sometimes radically change the structure of the balance sheet of assets and liabilities;
- definition of the strategies and measures for dealing with liquidity emergencies (Contingency Funding Plan – CFP).

An early warning scorecard is developed at the individual level by the risk management department in cooperation with other relevant functions of the Bank and CLP is monitored on a daily basis by the risk management department. The adequacy of these indicators and their combinations should be evaluated at least annually.

The parties responsible for liquidity risk monitoring and management are obliged to immediately report any situations of potential danger, even if it is not detected by a certain system of early warning indicators.

It is noted that the Contingency Liquidity Management Plan (CLP) is part of the Crisis Management Plan adopted by the Bank and the Parent Company and it represents the first step in the escalation process to manage a potential liquidity crisis. To this end, the CLP Early Warning Scorecard is designed to highlight potential deterioration in a company's liquidity while predicting recovery performance triggers.

During the activation of the Recovery Plan, the Bank activates both the already planned CLP management measures – even if of a different duration and size – and other possible follow-up mitigation measures.

Daily monitoring of CLP indicators ensures constant supervision of the effective functioning of early warning signals and their combination in relation to market events and trends.

The Risk Management Department is responsible for monitoring the early warning indicators for CLP and reporting the status daily to the relevant members of the competent authorities. More detailed information is defined in the relevant internal document.

The risk management department is responsible for the development of separate high-level internal documents necessary to ensure effective liquidity risk management: policies and guidelines and basic documents: methods, implementation procedures, etc. High-level documents should include objectives, organizational process, reporting forms and frequency, risk appetites and limits, and an escalation process, and should be approved by the relevant collegial body. The main documents must also be approved by the relevant collegial body. The Bank can combine internal documents in one or more.

### *Table 32.7. Analysis of financial liabilities by maturities as of 31 December 2024*

Payment periods for undiscounted cash flows (including interest payments) under financial obligations under contracts as of 31 December 2024, are presented as follows:

***(in thousands of Ukrainian hryvnias)***

| **Line** | **Item** | **On demand and less than 1 month** | **From 1 to 3 months** | **From 3 to 12 months** | **From 12 months to 5 years** | **More than 5 years** | **Total** |
|---|---|---|---|---|---|---|---|
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
| 1 | Due to customers | 7,119,109 | 2,026,388 | 357,696 | 231 | – | 9,503,424 |
| 1.1 | due to individuals | 2,554,601 | 1,028,897 | 333,649 | 231 | – | 3,917,378 |
| 1.2 | other | 4,564,508 | 997,491 | 24,047 | – | – | 5,586,046 |
| 2 | Debt securities issued by the Bank | 1 | – | – | – | – | 1 |
| 3 | Other borrowed funds | – | – | 98,851 | 287,931 | – | 386,782 |
| 4 | Other financial liabilities | 133,260 | 4,895 | 24,274 | 21,860 | 107 | 184,396 |
| 5 | Undrawn credit lines | 1,053,922 | – | – | – | – | 1,053,922 |
| 6 | Financial guarantees | – | – | 4,372 | – | – | 4,372 |
| 7 | Other credit-related commitments | – | 43,772 | 65,165 | – | – | 108,937 |
| **8** | **Total potential future payments under financial liabilities** | **8,306,292** | **2,075,055** | **550,358** | **310,022** | **107** | **11,241,834** |

### *Table 32.8. Analysis of financial liabilities by maturities as of 31 December 2023*

Payment periods for undiscounted cash flows (including interest payments) for financial obligations under contracts as of 31 December 2023, are presented as follows:

***(in thousands of Ukrainian hryvnias)***

| **Line** | **Item** | **On demand and less than 1 month** | **From 1 to 3 months** | **From 3 to 12 months** | **From 12 months to 5 years** | **More than 5 years** | **Total** |
|---|---|---|---|---|---|---|---|
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
| 1 | Due to customers | 7,516,708 | 1,216,444 | 438,403 | 1 | – | 9,171,556 |
| 1.1 | due to individuals | 2,394,073 | 634,861 | 244,530 | 1 | – | 3,273,465 |
| 1.2 | other | 5,122,635 | 581,583 | 193,873 | – | – | 5,898,091 |
| 2 | Debt securities issued by the Bank | 1 | – | – | – | – | 1 |
| 3 | Other borrowed funds | – | – | 92,996 | 358,767 | – | 451,763 |
| 4 | Other financial liabilities | 211,800 | 5,905 | 22,478 | 35,869 | 1,083 | 277,135 |
| 5 | Undrawn credit lines | 1,389,119 | – | – | – | – | 1,389,119 |
| 6 | Financial guarantees | – | – | 2,089 | – | – | 2,089 |
| 7 | Other credit-related commitments | – | 10,518 | 135,991 | 20,659 | – | 167,168 |
| **8** | **Total potential future payments under financial liabilities** | **9,117,628** | **1,232,867** | **691,957** | **415,296** | **1,083** | **11,458,831** |

### *Table 32.9. Analysis of financial assets and liabilities based on contractual maturities as of 31 December 2024*

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | | | *(in thousands of Ukrainian hryvnias)* |
| **Line** | **Item** | **On demand and less than 1 month** | **From 1 to 3 months** | **From 3 to 12 months** | **From 12 months to 5 years** | **Over 5 years** | **Total** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
| **Assets** | | | | | | | |
| 1 | Cash and cash equivalents | 1,779,852 | – | – | – | – | 1,779,852 |
| 2 | Loans and advances to banks | 290,160 | – | – | – | – | 290,160 |
| 3 | Loans and advances to customers | 273,530 | 493,806 | 635,297 | 426,186 | 405,874 | 2,234,693 |
| 4 | Investments in securities | 2,590,195 | 2,619,968 | 1,888,356 | – | – | 7,098,519 |
| 5 | Other financial assets | 26,099 | 2,199 | – | – | – | 28,298 |
| **6** | **Total financial assets** | **4,959,836** | **3,115,973** | **2,523,653** | **426,186** | **405,874** | **11,431,522** |
| **Liabilities** | | | | | | | |
| 7 | Due to customers | 7,117,205 | 2,011,466 | 353,455 | 227 | – | 9,482,353 |
| 8 | Debt securities issued by the Bank | 1 | – | – | – | – | 1 |
| 9 | Other borrowed funds | – | – | 93,203 | 279,783 | – | 372,986 |
| 10 | Other financial liabilities | 67,602 | 4,895 | 20,476 | 21,588 | 101 | 114,662 |
| **11** | **Total financial liabilities** | **7,184,808** | **2,016,361** | **467,134** | **301,598** | **101** | **9,970,002** |
| **12** | **Net liquidity gap as of 31 December 2024** | **(2,224,972)** | **1,099,612** | **2,056,519** | **124,588** | **405,773** | **1,461,520** |
| **13** | **Cumulative liquidity gap as of 31 December 2024** | **(2,224,972)** | **(1,125,360)** | **931,159** | **1,055,747** | **1,461,520** | **–** |

Maturity analysis does not reflect the historical stability of customers' current accounts. The closing of such accounts takes place over a longer period of time than indicated in the tables above. These balances are included in amounts due on demand and less than one month.

The aggregate liquidity gap as of 31 December 2024 and 2023 arose mainly due to the fact that, given the current situation in the country, individuals and legal entities prefer to place funds on demand rather than invest for a longer period, and therefore there is no practical possibility to avoid these gaps in general.

The liquidity gap arises from short-term customer accounts, namely demand deposits. However, the Bank does not use these funds for lending to customers. The Bank invests these funds in government securities and NBU certificates of deposit, which are highly liquid assets; they are carried to maturity (in the event of significant outflows of customer funds, these assets can be readily converted to cash at any time), therefore, as of 31 December 2024, for the period of 1 month or more (31 December 2023: 1 month or more), there is a positive net liquidity gap.

The Bank uses term deposits of customers (in UAH and foreign currency) to extend loans to customers.

As the Bank invests its free liquidity in UAH in highly liquid assets (government securities and NBU certificates of deposit, which are recorded by maturity), for the purposes of calculating the liquidity gap, highly liquid assets may be considered as assets on demand. The Bank also has foreign currency investments in highly liquid assets (debt securities of G7 sovereigns with ratings of “AA-”/“Aa3” or higher by leading global rating agencies). Thus, as of 31 December 2023, for the purposes of calculating the liquidity gap, highly liquid assets were considered as assets on demand, as the Bank had investments in NBU deposit certificates (overnight and with maturity up to 3 months), government bonds and debt securities of G7 sovereigns; as at 31 December 2024, the Bank invested in NBU deposit certificates (overnight and with maturity up to 3 months), government bonds and debt securities of G7 sovereigns. As of 31 December 2024, the liquidity gap, including highly liquid assets, for funds with maturities up to 1 month was UAH 283,352 thousand (2023: UAH 1,172,337 thousand).

Taking into account the above, the Bank does not consider that there is a significant liquidity risk due to liquidity gaps. This situation is under control and does not lead to violation of liquidity ratios.

### *Table 32.10. Analysis of financial assets and liabilities based on contractual maturities as of 31 December 2023*

*(in thousands of Ukrainian hryvnias)*

| Li-ne | Item | On demand and less than 1 month | From 1 to 3 months | From 3 to 12 months | From 12 months to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
| **Assets** | | | | | | | |
| 1 | Cash and cash equivalents | 3,419,039 | – | – | – | – | 3,419,039 |
| 2 | Loans and advances to banks | 133,374 | – | – | – | – | 133,374 |
| 3 | Loans and advances to customers | 552,992 | 334,083 | 290,358 | 358,096 | 490,861 | 2,026,390 |
| 4 | Investments in securities | 2,779,180 | 1,048 932 | 789,012 | – | – | 4,617,124 |
| 5 | Other financial assets | 77,121 | 322 | – | – | – | 77,443 |
| **6** | **Total financial assets** | **6,961,706** | **1,383,337** | **1,079,370** | **358,096** | **490,861** | **10,273,370** |
| **Liabilities** | | | | | | | |
| 7 | Due to customers | 7,493,566 | 1,200,010 | 433,368 | 1 | – | 9,126,945 |
| 8 | Debt securities issued by the Bank | 1 | – | – | – | – | 1 |
| 9 | Other borrowed funds | – | – | 86,447 | 345,984 | – | 432,431 |
| 10 | Other financial liabilities | 133,746 | 5,023 | 22,325 | 34,680 | 134 | 195,908 |
| **11** | **Total financial liabilities** | **7,627,313** | **1,205,033** | **542,140** | **380,665** | **134** | **9,755,285** |
| **12** | **Net liquidity gap as of 31 December** | **(665,607)** | **178,304** | **537,230** | **(22,569)** | **490,727** | **518,085** |
| **13** | **Cumulative liquidity gap as of 31 December** | **(665,607)** | **(487,303)** | **49,927** | **27,358** | **518,085** | **–** |

### *Operational risk*

The Bank defines operational risk as the probability of losses or additional losses or failure to receive planned income as a result of deficiencies or errors in the organisation of internal processes, intentional or unintentional actions of the Bank's employees or other persons, failures in the operation of the Bank's information systems or as a result of external factors. Operational risk includes legal risk, but should exclude reputational risk and strategic risk.

The main operational risk of the Bank is the external risk due to the military invasion of the Russian Federation on the territory of Ukraine. Operational risk factors are personnel, systems and information technology and process execution. The Bank cannot influence external factors, but whenever possible, it takes measures to minimize losses from the loss of human resources and material assets. For other operational risk factors, the Bank acts in accordance with the Business Continuity Plan (BCP).

The goal of operational risk management is timely identification and minimization of operational risk, as well as its prevention. The priority is to ensure the maximum preservation of assets and capital by reducing or preventing possible losses.

The risk management department supervises the operational risk management process. The Risk Management Department is responsible for the appointment of risk coordinators - responsible employees of the Bank's structural divisions for operational risk, who are responsible for operational risk management in their division.

In order to reduce the impact of operational risk on the Bank, in addition to the already defined actions, the risk management department carries out the following actions:

- coordinates the appointment of risk coordinators;
- conducts regular trainings and testing for risk coordinators;
- manages the database of operational risk events;
- develops, monitors and reports on key risk indicators;
- carries out a self-diagnosis process annually, which includes: assessment of the business environment and scenario analysis.

The Bank adopts an operational risk management strategy based on prudent management principles that aims to safeguard the Bank's long-term strength and continuity as a going concern and to achieve an optimal balance between growth and profitability and emerging risks.

The risk management department is responsible for the development of separate high-level internal documents necessary to ensure effective operational risk management: policies, guidelines and basic documents: methodologies, implementation procedures, etc. High-level documents should include objectives, organizational process, reporting forms and frequency, risk appetites and limits, and an escalation process, and should be approved by the relevant collegial body. The main documents must also be approved by the relevant collegial body. The Bank can combine internal documents in one or more.

### *Environmental, social and management risks*

The Risk Management Department is responsible for the management of environmental, social and managerial risks in cooperation with the relevant structural divisions based on the current legislation and the rules of the Parent Company.

Assessing the profile of environmental, social and management risks of products/transactions, with the support of other control units and business units, is also a component of the risk management department.

## Note 33. Capital management

The Bank's shareholders place much emphasis on the capital increase, specifically, on the increase of the share capital as the key component of capital.

In order to improve financial stability, the Bank increased its capital by UAH 1.1 billion in 2024 through additional contributions from the Parent Company.

The Bank's capital is formed for the purpose of:

- cost-effective use of own funds;
- covering all possible risks assumed by the Bank;
- optimising assets and liabilities structure by ageing and deposits.

As of 31 December 2023, according to the NBU requirements, banks must comply with the capital adequacy ratio at the level of 10% and with the common equity adequacy ratio at the level of 7% for risk-weighted assets calculated based on the NBU regulations.

Starting from 5 August 2024, the NBU introduced a new regulatory capital structure, and the relevant requirements were introduced to the regulatory documents to ensure timely and complete transition to the new calculation of regulatory capital and capital adequacy ratios.

As of 31 December 2024, in accordance with the NBU requirements, banks must maintain a regulatory capital adequacy ratio (RCR) of not less than 8.5%, a tier 1 capital adequacy ratio (Tier 1) of not less than 7.5%, and a tier 1 core capital adequacy ratio (Tier 1) of not less than 5.625% in relation to their total risk exposure calculated in accordance with the NBU regulations.

Based on the results of the banking sector stability assessment conducted by the NBU as of April 1, 2023, the Bank was assigned higher required levels of the Regulatory capital adequacy ratio (N2) and the Core capital adequacy ratio (N3), which set at the level of 33.7% and 30.7%, respectively (for hurdle rate of 0% until September 30, 2024), and 40.6% and 37.6% (for the thresholds corresponding to the regulatory values until March 31, 2026).
At the same time, during 2024, the NBU implemented a full transition to a new three-tier capital structure, within which capital adequacy indicators' changes were also established, in particular, the Regulatory capital adequacy ratio ($N_{RC}$) replaced N2, while N3 was canceled and 2 new indicators were introduced: the Tier 1 capital adequacy ratio ($N_{TIER1}$) and the Common Equity Tier 1 capital adequacy ratio ($N_{CET1}$). Thus, the requirement for N2 is transferred to the $N_{RC}$, while the requirement for N3 (the minimum regulatory requirement was more than 7%) was canceled and the new indicators have the following minimum requirements: for $N_{TIER1}$ > 7.5% and $N_{CET1}$ > 5.625%.

As of 31 December 2024, and 2023, the Bank was in compliance with the above ratios:

- as of 31 December 2024, the regulatory capital adequacy ratio (RCR) is 38.80% and as of 31 December 2023, the regulatory capital adequacy ratio (N2) is 18.47%;
- as of 31 December 2024, the Tier 1 capital adequacy ratio (NK1) is 38.77%;
- as of 31 December 2024, the common equity Tier 1 capital adequacy ratio (Tier 1) is 38.77%;
- as of 31 December 2023, the core capital adequacy ratio (N3) is 16.90%.

***Table 33.1. Structure of regulatory capital calculated according to the NBU requirements as of 31 December 2024***

| | | ***(in thousands of Ukrainian hryvnias)*** |
|---|---|---|
| **Line** | **Item** | **31/12/2024** |
| **1** | **2** | **3** |
| **1** | **Regulatory capital** | **1,562,029** |
| **2** | **Tier 1 Fixed Capital (OK1)** | **1,560,487** |
| 3 | Components of OK1 | 6,679,284 |
| 4 | Proprietary OK1 Tools | 1,253,285 |
| 5 | Emission differences OK1 | 5,424,649 |
| 6 | Funds | 1,332 |
| 7 | Positive result of revaluation | 18 |
| 8 | Deduction OK1 | 5,118,797 |
| 9 | Losses | 4,982,087 |
| 10 | Assets that do not have a tangible form | 106,438 |
| 11 | Accrued income | 12,214 |
| 12 | Uncovered credit risk | 12,731 |
| 13 | Non-core assets | 5,327 |
| **14** | **Tier 2 Capital (K2)** | **1 542** |
| 15 | Components of K2 | 1,542 |
| 16 | Proprietary K2 Tools | 870 |
| 17 | Emission differences K2 | 672 |

***Table 33.2. Structure of regulatory capital calculated according to the NBU requirements as of 31 December 2023***

| | | ***(in thousands of Ukrainian hryvnias)*** |
|---|---|---|
| **Line** | **Item** | **31/12/2023** |
| **1** | **2** | **3** |
| **1** | **Main capital** | **618,846** |
| 2 | Statutory capital | 979,090 |
| 3 | Share premium | 4,600,449 |
| 4 | Total reserves under Ukrainian legislation | 1,332 |
| 5 | Intangible assets | (595,597) |
| 6 | Amortisation of other intangible assets | 489,033 |
| 7 | Capital investments in intangible assets | (4,471) |
| 8 | Uncovered losses of past years | (4,747,802) |
| 9 | Result of the current year (loss) | (96,700) |
| 10 | Amount of non-banking assets deducted from main capital | (6,488) |
| **11** | **Additional capital** | **57,305** |
| 12 | Result on PP&E revaluation | 57,305 |
| **13** | **Reversal** | **(3)** |
| 14 | Carrying amount of securities that are not traded on stock exchanges carried at FV | (3) |
| **15** | **Total regulatory capital** | **676,148** |

## Note 34. Fair value of financial instruments

Fair value is defined as the price that would be received to sell the asset or paid to transfer the liability in an ordinary transaction in the principal (or most favorable) market at the valuation date under current market conditions (i.e. the original price), whether or not such price directly or estimated using another valuation method. The principal (or most favorable) market price used to measure the fair value of the asset or liability is not adjusted for transaction costs.

The determination of fair value is based on the assumption that the Bank will continue its activities in the future without any need for liquidation or a significant reduction in the volume of operations or carrying out operations on unfavorable terms. Fair value reflects the credit quality of the instrument, as it includes the risk that the counterparty will not fulfill its obligations.

The fair value of financial instruments is determined using prices obtained in financial markets in the case of instruments quoted in an active market, or through internal valuation methods in the case of other financial instruments. A market is considered active if quoted prices are readily and regularly available (through an exchange, dealer, broker, industry group, price information service or regulatory authority) and reflect actual and regularly occurring market transactions between independent parties.

When the market does not function regularly, i.e. when the market does not have sufficient volatility and a constant number of transactions and the difference between the purchase and sale price is insufficient, the fair value of financial instruments is determined mainly by using valuation methods, the purpose of which is to establish the price of a hypothetical commercial transaction that occurs between independent parties, as of the valuation date.

### *Table 34.1. Analysis of financial instruments at amortised cost and at fair value through other comprehensive income by hierarchy levels as of 31 December 2024*

*(in thousands of Ukrainian hryvnias)*

| Line | Item | Fair value by different valuation techniques | | | Total fair value | Total carrying amount |
|---|---|---|---|---|---|---|
| | | Quoted market price (Level 1) | Valuation technique using observable inputs (Level 2) | Valuation technique using unobservable inputs (Level 3) | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | **FINANCIAL ASSETS** | | | | | |
| 1 | Cash and cash equivalents | – | 1,779,852 | – | 1,779,852 | 1,779,852 |
| 2 | Loans and advances to banks | – | 290,160 | – | 290,160 | 290,160 |
| 3 | Loans and advances to customers | – | – | 2, 251,393 | 2, 251,393 | 2,234,693 |
| 4 | Investments in securities at FVOCI | 3,476,324 | 1,771,513 | – | 5,247,837 | 5,247,837 |
| 5 | Investments in securities at AC | – | 1,850,682 | – | 1,850,682 | 1,850,682 |
| 6 | Other financial assets | – | – | 28,298 | 28,298 | 28,298 |
| | **FINANCIAL LIABILITIES** | | | | | |
| 7 | Due to customers | – | 9,483,118 | – | 9,483,118 | 9,482,353 |
| 8 | Debt securities issued by the Bank | – | 1 | – | 1 | 1 |
| 9 | Other borrowed funds | – | 372,986 | – | 372,986 | 372,986 |
| 10 | Other financial liabilities | – | – | 114,662 | 114,662 | 114,662 |

### *Table 34.2. Analysis of financial instruments at amortised cost and at fair value through other comprehensive income by hierarchy levels as of 31 December 2023*

*(in thousands of Ukrainian hryvnias)*

| Line | Item | Fair value by different valuation | | | Total fair value | Total carrying amount |
|---|---|---|---|---|---|---|
| | | Quoted market price (Level 1) | Valuation technique using observable inputs (Level 2) | Valuation technique using unobservable inputs (Level 3) | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | **FINANCIAL ASSETS** | | | | | |
| 1 | Cash and cash equivalents | – | 3,419,039 | – | 3,419,039 | 3,419,039 |
| 2 | Loans and advances to banks | – | 133,374 | – | 133,374 | 133,374 |
| 3 | Loans and advances to customers | – | – | 2,002,496 | 2,002,496 | 2,026,390 |
| 4 | Investments in securities at FVOCI | 789,012 | 1,015,664 | 209,243 | 2,013,919 | 2,013,919 |
| 5 | Investments in securities at AC | – | 2,603,205 | – | 2,603,205 | 2,603,205 |
| 6 | Other financial assets | – | – | 77,443 | 77,443 | 77,443 |
| | **FINANCIAL LIABILITIES** | | | | | |
| 7 | Due to customers | – | 9,128,643 | – | 9,128,643 | 9,126,945 |
| 8 | Debt securities issued by the Bank | – | 1 | – | 1 | 1 |
| 9 | Other borrowed funds | – | 432,431 | – | 432,431 | 432,431 |
| 10 | Other financial liabilities | – | – | 195,908 | 195,908 | 195,908 |

To improve consistency and comparability in fair value measurement and related disclosures, IFRS 13 establishes a fair value hierarchy that divides into three levels the inputs to the valuation techniques used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to inputs that cannot be directly observed (Level 3 inputs). In some cases, the inputs used to measure the fair value of an asset or liability may be assigned to different levels of the fair value hierarchy. In such cases, the fair value estimate is classified in its entirety at the same level of the fair value hierarchy as the lowest level input that is significant to the entire estimate.

The Bank uses the following hierarchy to determine the fair value of financial instruments and disclose information about it in terms of valuation methods:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that have a significant effect on the reported fair value and are observable on the market, either directly or indirectly;

Level 3: inputs that have a significant effect on the reported fair value and are not based on observable market data (unobservable inputs).

*Financial instruments for which fair value approximates carrying amount*

For financial assets and financial liabilities that are liquid or have a maturity of less than one month from the reporting date, it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to funds on demand, savings accounts without a specific maturity, variable-rate financial instruments, loans issued, or deposits placed less than one month before the reporting date.

*Fixed-income financial instruments*

The fair value of financial assets and financial liabilities with a fixed interest rate that are accounted for at amortized cost is estimated by comparing market interest rates at the time of recognition with current market rates offered for similar financial instruments. The fair value of loans and deposits is calculated by discounting cash flows using discount rates for assets and liabilities with similar credit risk and maturity.

For shares and debt securities that are quoted in an active market, fair value is calculated based on quotes in active markets for identical assets or liabilities. For shares or debt securities in the absence of quotations on an active market, the method of discounting cash flows is used using the yield to maturity for similar financial instruments that are quoted on active financial markets.

## Note 35. Presentation of financial instruments by measurement categories

### *Table 35.1. Financial assets by measurement categories as of 31 December 2024*

| | | | | ***(in thousands of Ukrainian hryvnias)*** |
|---|---|---|---|---|
| **Line** | **Item** | **Loans and receivables at AC** | **Assets at FVOCI** | **Total** |
| **1** | **2** | **3** | **4** | **5** |
| 1 | Cash and cash equivalents | 1,779,852 | – | 1,779,852 |
| 2 | Loans and advances to banks | 290,160 | – | 290,160 |
| 3 | Loans and advances to customers: | 2,234,693 | – | 2,234,693 |
| 3.1 | corporate loans | 1,568,152 | – | 1,568,152 |
| 3.2 | mortgages of individuals | 570,807 | – | 570,807 |
| 3.3 | retail loans | 523 | – | 523 |
| 3.4 | other loans to individuals | 330,193 | – | 330,193 |
| 3.5 | other loans granted to individuals | 35 | – | 35 |
| 3.6 | provision for loan impairment | (235,017) | – | (235,017) |

| | | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|---|
| **Line** | **Item** | **Loans and receivables at AC** | **Assets at FVOCI** | **Total** |
| **1** | **2** | **3** | **4** | **5** |
| 4 | Investments in securities | 1,850,682 | 5,247,837 | 7,098,519 |
| 4.1 | Investments in securities at AC | 1,850,682 | – | 1,850,682 |
| 4.2 | Debt securities that are accounted for at FV | – | 5,247,837 | 5,247,837 |
| 4.3 | Shares of enterprises and other variable-income securities that are not traded on stock exchanges and are recognised at FVOCI | – | 34 | 34 |
| 4.4 | Provision for impairment of securities at FVOCI | – | (34) | (34) |
| 5 | Other financial assets: | 28,298 | – | 28,298 |
| 5.1 | accounts receivable from transactions with customers | 4,711 | – | 4,711 |
| 5.2 | amounts due on accrued income from cash and settlement services and other accrued income | 2,880 | – | 2,880 |
| 5.3 | accounts receivable on credit and debit card transactions | 23,292 | – | 23,292 |
| 5.4 | other assets | 45 | – | 45 |
| 5.5 | provision for impairment | (2,630) | – | (2,630) |
| **6** | **Total financial assets** | **6,183,685** | **5,247,837** | **11,431,522** |

### *Table 35.2. Financial assets by measurement categories as of 31 December 2023*

| | | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|---|
| **Line** | **Item** | **Loans and receivables at AC** | **Assets at FVOCI** | **Total** |
| **1** | **2** | **3** | **4** | **5** |
| 1 | Cash and cash equivalents | 3,419,039 | – | 3,419,039 |
| 2 | Loans and advances to banks | 133,374 | – | 133,374 |
| 3 | Loans and advances to customers: | 2,026,390 | – | 2,026,390 |
| 3.1 | corporate loans | 1,180,007 | – | 1,180,007 |
| 3.2 | mortgages of individuals | 714,488 | – | 714,488 |
| 3.3 | retail loans | 429 | – | 429 |
| 3.4 | other loans to individuals | 390,615 | – | 390,615 |
| 3.5 | other loans granted to individuals | 14 | – | 14 |
| 3.6 | provision for loan impairment | (259,163) | – | (259,163) |
| 4 | Investments in securities | 2,603,205 | 2,013,919 | 4,617,124 |
| 4.1 | Investments in securities at AC | 2,603,205 | – | 2,603,205 |
| 4.2 | Debt securities that are accounted for at FV | – | 2,013,916 | 2,013,916 |
| 4.3 | Shares of enterprises and other variable-income securities that are not traded on stock exchanges and are recognised at FVOCI | – | 34 | 34 |
| 4.4 | Provision for impairment of securities at FVOCI | – | (31) | (31) |
| 5 | Other financial assets: | 77,443 | – | 77,443 |
| 5.1 | accounts receivable from transactions with customers | 4,040 | – | 4,040 |
| 5.2 | amounts due on accrued income from cash and settlement services and other accrued income | 2,738 | – | 2,738 |
| 5.3 | accounts receivable on credit and debit card transactions | 74,582 | – | 74,582 |
| 5.4 | other assets | 103 | – | 103 |
| 5.5 | provision for impairment | (4,020) | – | (4,020) |
| **6** | **Total financial assets** | **8,259,451** | **2,013,919** | **10,273,370** |

## Note 36. Related party transactions

The methods of valuation of assets and liabilities used in the recognition of transactions with related parties do not differ from those used for transactions with other persons. Agreements concluded with parties related to the Bank do not provide for more favorable terms than agreements concluded with other parties.

### *Table 36.1. Balances on related-party transactions as of 31 December 2024*

*(in thousands of Ukrainian hryvnias)*

| Line | Item | UAH | Interest rate | Maturity | USD | Interest rate | Maturity | EUR | Interest rate | Maturity | Denominated in foreign currencies | Interest rate | Maturity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| | ***Major participants (shareholders) of the Bank*** | | | | | | | | | | | | |
| 1 | Cash and cash equivalents | – | – | – | – | – | – | 208,091 | – | on demand | 7,500 | – | on demand |
| 2 | Provisions for cash on correspondent accounts with other banks | – | – | – | – | – | – | 3 | – | on demand | – | – | – |
| 3 | Loans and advances to banks | – | – | – | – | – | – | 276,760 | 3% | overnight or for 1 day | 13,403 | 5.20% | 2 - 7 days |
| 4 | Provision for impairment of loans and advances to banks | – | – | – | – | – | – | 4 | – | overnight or for 1 day | – | – | – |
| 5 | Other financial assets | 20 | – | 22 - 30 days | – | – | – | 1 | – | on demand | – | – | – |
| 6 | Other non-financial assets | 50 | – | on demand | – | – | – | – | – | – | – | – | – |
| 7 | Other financial liabilities | 1,264 | – | on demand | – | – | – | 1,282 | – | on demand | – | – | – |
| 8 | Other non-financial liabilities | – | – | – | – | – | – | 17,205 | – | on demand | – | – | – |
| | ***Key management personnel*** | | | | | | | | | | | | |
| 9 | Loans and advances to customers | 193 | 12% | 8 days – 5 years | – | – | – | – | – | – | – | – | – |
| 10 | Loan loss provisions | 1 | – | more than 5 years | – | – | – | – | – | – | – | – | – |
| 11 | Due to customers | 1,256 | 0 – 13.5% | on demand -to 183days | 761 | 0.01% | on demand | 1,083 | 0-0.01% | on demand | – | – | – |
| 12 | Other financial liabilities | 451 | – | on demand - 2 years | – | – | – | – | – | – | – | – | – |

***(in thousands of Ukrainian hryvnias)***

| Line | Item | UAH | Interest rate | Maturity | USD | Interest rate | Maturity | EUR | Interest rate | Maturity | Denominated in foreign currencies | Interest rate | Maturity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 13 | Other non-financial liabilities | 1,657 | – | on demand - 2 years | – | – | – | – | – | – | – | – | – |
| | ***Other related parties*** | | | | | | | | | | | | |
| 14 | Cash and cash equivalents | – | – | – | – | – | – | – | – | – | – | – | – |
| 15 | Other non-financial liabilities | – | – | – | – | – | – | – | – | – | – | – | – |

Related parties comprise entities under common control, members of the Supervisory Board, key management personnel and their immediate family members, companies that are controlled or significantly influenced by shareholders, key management personnel or their close family members.

***Table 36.2. Income and expenses on related-party transactions as of 31 December 2024 and for the year then ended***

| *(in thousands of Ukrainian hryvnias)* | | | | |
|---|---|---|---|---|
| **Line** | **Item** | **Major participants (shareholders) of the Bank** | **Key management personnel** | **Other related parties** |
| **1** | **2** | **3** | **4** | **5** |
| 1 | Interest income | 32,113 | 29 | – |
| 2 | Interest expenses | – | (6) | – |
| 3 | Net (increase) decrease in provisions for impairment of loans and advances to customers, and due from banks | 1 | 2 | 61 |
| 4 | Net profit from foreign exchange | 3,333 | – | – |
| 5 | Net gain/(loss) from foreign currency translation | 53,832 | (57) | (60) |
| 6 | Fee and commission income | 257 | 14 | – |
| 7 | Fee and commission expenses | (2,108) | – | – |
| 8 | Employee benefits expense | – | (25,007) | – |
| 9 | Other operating income | – | 2 | – |
| 10 | Other administrative and operating expenses | (46,375) | (1,661) | (1,975) |

***Table 36.3. Loans granted to and repaid by related parties during 2024***

| *(in thousands of Ukrainian hryvnias)* | | |
|---|---|---|
| **Line** | **Item** | **Key management personnel** |
| **1** | **2** | **3** |
| 1 | Loans granted to related parties | (13) |

***Table 36.4. Other rights and obligations on related-party transactions as of 31 December 2024***

| *(in thousands of Ukrainian hryvnias)* | | | |
|---|---|---|---|
| **Line** | **Item** | **Major participants (shareholders) of the Bank** | **Key management personnel** |
| **1** | **2** | **3** | **4** |
| 1 | Guarantees received | – | – |

## *Table 36.5. Balances on related-party transactions as of 31 December 2023*

*(in thousands of Ukrainian hryvnias)*

| Line | Item | UAH | Interest rate | Maturity | USD | Interest rate | Maturity | EUR | Interest rate | Maturity | Denominated in foreign currencies | Interest rate | Maturity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| | ***Major participants (shareholders) of the Bank*** | | | | | | | | | | | | |
| 1 | Cash and cash equivalents | – | – | – | – | – | – | 665,434 | – | on demand | 5,859 | – | on demand |
| 2 | Provisions for cash on correspondent accounts with other banks | – | – | – | – | – | – | 6 | – | on demand | – | – | – |
| 3 | Loans and advances to banks | – | – | – | 133,376 | – | 2 - 31 days | – | – | – | – | – | – |
| 4 | Provision for impairment of loans and advances to banks | – | – | – | 1 | – | 2 - 31 days | – | – | – | – | – | – |
| 5 | Other financial assets | 20 | – | 2 - 31 days | – | – | – | 83 | – | on demand | – | – | – |
| 6 | Other non-financial assets | 24 | – | – | – | – | – | – | – | – | – | – | – |
| 7 | Other financial liabilities | 2,638 | – | on demand | – | – | – | 1,231 | – | on demand | – | – | – |
| 8 | Other non-financial liabilities | – | – | – | – | – | – | 29,946 | – | on demand | – | – | – |
| | ***Key management personnel*** | | | | | | | | | | | | |
| 9 | Loans and advances to customers | 209 | 12% | 2 days – 5 years | – | – | – | – | – | – | – | – | – |
| 10 | Loan loss provisions | 2 | – | more than 5 years | – | – | – | – | – | – | – | – | – |
| 11 | Due to customers | 1,046 | 0 – 4% | on demand | 790 | 0.01%-1.5% | on demand - to 183 days | 638 | 0-0.01% | on demand | – | – | – |
| 12 | Other financial liabilities | 2,129 | – | on demand | – | – | – | – | – | – | – | – | – |
| 13 | Other non-financial liabilities | 2,236 | – | on demand - to 274 days | – | – | – | – | – | – | – | – | – |
| | ***Other related parties*** | | | | | | | | | | | | |
| 14 | Cash and cash equivalents | – | – | – | – | – | – | – | – | – | – | – | – |

***(in thousands of Ukrainian hryvnias)***

| Line | Item | UAH | Interest rate | Maturity | USD | Interest rate | Maturity | EUR | Interest rate | Maturity | Denominated in foreign currencies | Interest rate | Maturity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | Other non-financial liabilities | – | – | – | – | – | – | – | – | – | – | – | – |

### *Table 36.6. Income and expenses on related-party transactions as of 31 December 2023 and for the year then ended*

| | | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|---|
| **Line** | **Item** | **Major participants (shareholders) of the Bank** | **Key management personnel** | **Other related parties** |
| **1** | **2** | **3** | **4** | **5** |
| 1 | Interest income | 28,355 | 30 | – |
| 2 | Interest expenses | – | (77) | – |
| 3 | Net (increase) decrease in provisions for impairment of loans and advances to customers, and due from banks | 2 | – | (817) |
| 4 | Net profit from foreign exchange | 1,347 | – | – |
| 5 | Net gain/(loss) from foreign currency translation | 60,756 | (88) | (51) |
| 6 | Fee and commission income | 251 | 10 | – |
| 7 | Fee and commission expenses | (2,667) | – | (2) |
| 8 | Employee benefits expense | – | (21,048) | – |
| 9 | Other administrative and operating expenses | (38,883) | (4,091) | (1,699) |

### *Table 36.7. Loans granted to and repaid by related parties during 2023*

| | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|
| **Line** | **Item** | **Key management personnel** |
| **1** | **2** | **3** |
| 1 | Loans repaid by related parties | 1 |

### *Table 36.8. Other rights and obligations on related-party transactions as of 31 December 2023*

| | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|
| **Line** | **Item** | **Major participants (shareholders) of the Bank** | **Key management personnel** |
| **1** | **2** | **3** | **4** |
| 1 | Guarantees received | 8,442 | – |

### *Table 36.9. Remuneration to key management personnel*

| | | | | | *(in thousands of Ukrainian hryvnias)* |
|---|---|---|---|---|---|
| **Line** | **Item** | **expenses for 2024** | **accrued liabilities as of 31/12/2024** | **expenses for 2023** | **accrued liabilities as of 31/12/2023** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| 1 | Current employee benefits | 25,007 | 1,652 | 21,048 | 2,236 |

The shareholder of “PRAVEX BANK” JSC is an Italian group of companies – Intesa Sanpaolo Group.