JOINT-STOCK COMPANY WEST FINANCE AND CREDIT BANK

Financial statements

for the year ended 31 December 2024

With the independent auditors' report

Contents

Notes to the financial statements

Annual report of the management of JSC «CREDITWEST BANK»

Foreword by the Chairman of the Bank Supervisory Board

The year 2024 brought yet another challenge for Ukraine's economy and financial sector. Despite the complex macroeconomic situation, geopolitical risks, and regulatory changes, Creditwest Bank demonstrated resilience, flexibility, and the ability to adapt effectively. Thanks to a well-defined strategy, we maintained our competitive position and strengthened customer trust.

The core areas of Creditwest Bank's operations remain unchanged, but we continue to enhance our processes to meet the demands of the time. In 2024, we focused on improving customer service, strengthening financial security, and supporting small and medium-sized businesses—one of our key priorities. This ensured the continuity of financial operations and further reinforced the protection of our clients' funds.

Our credit rating was reaffirmed by IBI-Rating, one of Ukraine's leading rating agencies, underscoring the bank's stability and reliability. We remain committed to a risk-oriented approach in all aspects of our operations, enabling us to manage financial risks effectively while maintaining a high level of trust among our clients and partners.

I sincerely thank the management and the entire Creditwest Bank team for their professionalism, dedication, and adaptability during these challenging times. A special thank you to our clients for your trust—we will continue working to ensure your financial stability and growth.

Chairman of the Supervisory Board
Mr. Hüseyin Altınbaş

Foreword by the Chairman of the Management Board

In 2024, Ukraine's banking system continues to demonstrate strong resilience, adaptability, and an effective response to the challenges of wartime. The Creditwest Bank team not only ensured the uninterrupted operation of all services but also systematically improved operational processes, enhanced security measures, and implemented innovative solutions to meet the new realities.

Our clients' trust, prudent financial management, and strategic risk approach contributed to maintaining positive financial performance. We closed the year with a profit, proving the effectiveness of our chosen development strategy despite economic instability and increased tax burdens.

Creditwest Bank remained responsive to client needs, offering flexible financial solutions and business support. A particular focus was placed on financing small and medium-sized enterprises, helping restore production capacities and create new opportunities for entrepreneurs. This reaffirmed our role as a reliable partner in Ukraine's economic development.

We will continue strengthening Creditwest Bank's position, ensuring financial stability and support for our clients. I sincerely thank our entire team for their professionalism and dedication, and our clients for their trust. Together, we bring Ukraine closer to economic recovery and our shared victory.

Chairman of the Management Board
Mr. Igor Tykhonov

Joint Stock Company “WEST FINANCE AND CREDIT BANK” (hereafter - ‘Bank’) is the first Turkish bank in Ukraine, opened to provide quality services to Ukrainian and foreign customers.

The Bank strives to be the first in all spheres of business, success, ranking, social, personnel, corporate governance, industry, etc.

The Bank's business model in the forecast period remains unchanged and the key strategic priorities in the Bank's activities are servicing the segment of corporate clients - international companies, large companies of importers and exporters from various sectors of the economy and SME clients.

The Bank's strategic partners are international creditors and funds (the Business Development Fund (BDF), the Black Sea Trade and Development Bank (BSTDB), the European Investment Bank (EIB), International Bank for Reconstruction and Development.

Strategic goals according to the strategy:

- ➢ Increasing the level of profitability and increasing the Bank's capital;
- ➢ Increasing the number of active clients;
- ➢ Acquiring the status of the main settlement bank for Turkish companies in Ukraine.
- ➢ Implementation of Sustainable Development Principles

During 2024, the Bank continued to work with the state programs "Affordable loans 5-7-9%", support for agricultural producers, agro-processors, stimulation of the export of Ukrainian-made goods, a special program of financial and credit support (FCP) for small and medium-sized enterprises in the city of In Kyiv, providing a state guarantee on a portfolio basis. In connection with the consequences of military aggression, which caused the deterioration of business activity in the business environment, the Bank was very attentive to the requests of customers who received credit and responded flexibly to their needs.

The Bank does not conduct risky derivatives transactions. Transactions with assets on demand are held under the spot, forward, option and futures contracts, under which, in accordance with the terms and conditions of the agreement, the bank has the right to refuse to perform the obligation, including by set-off, and an obligation to make prepayment is charged to the counterparty of the Bank.

The Bank is working on building long-term, reliable, partner relations with clients.

The Bank complies with the law and does its utmost to ensure that it does not violate the law. When there is a risk to violate the law, but to obtain more profit for the bank, the Bank does not perform this transaction or does not serve this client.

Proper fulfillment of obligations and compliance with law make us a reliable partner. Our strict requirements for borrowers make our bank interesting in terms of reliability, solvency and attractiveness for depositors.

During 2024, the Bank continued to swiftly and effectively adapt to market changes driven by Russia’s full-scale military aggression..

The Bank also continues the strategy of investing in the IT sector and digitalization of customer services. The whole success of the Bank is the result of the following elements:

- ✓ teamwork,
- ✓ well-defined roles,
- ✓ efforts made by each person,
- ✓ positive and honest approach;
- ✓ responsibility,
- ✓ respect each other,

- ✓ wise management,
- ✓ discipline and compliance,
- ✓ healthy lifestyle,
- ✓ constant development.

The most valuable and greatest capital is human capital. The Bank creates working conditions and an atmosphere where every employee who comes to office is responsible and takes care for customer transactions, therefore the Bank must maintain high social standards. Therefore, everything is focused on the development of the Bank and the activities of clients.

Report on corporate governance of JSC «CREDITWEST BANK»

The main purpose of the creation and operation of the Bank is to provide a full range of banking services in accordance with the banking license issued by the National Bank of Ukraine and the receipt of profits in the interests of shareholders.

The Bank has the right to provide all types of banking and financial services (except for insurance services) permitted for provision by the applicable laws and the Charter.

The Bank independently determines the directions of its activity in accordance with the applicable legislation of Ukraine.

The Bank has the right to conduct banking activities only after obtaining a banking license. Upon obtaining of a banking license, the Bank is required to comply with licensing requirements throughout the entire duration of the banking license, including the requirements related to the amount of regulatory capital. The Bank carries out banking activities in accordance with the procedure established by the Law of Ukraine "On Banks and Banking Activities", normative legal acts of the National Bank of Ukraine and in accordance with the Charter and internal regulations of the Bank drafted pursuant to them.

The Bank, on the basis of a banking license, may provide the following banking services:

- ➢ attraction of deposits (bank deposits) of funds and bank metals from an unlimited number of legal entities and individuals;
- ➢ opening and maintenance of current (correspondent) accounts of clients, including those in bank metals, and conditional storage accounts (escrow);
- ➢ placing of attracted deposits (bank deposits), including on current accounts, funds and bank metals on its own behalf, on its own terms and conditions and at its own risk.

The Bank has the right to provide financial services to its clients (except for banks), including based on agency agreements with legal entities (commercial agents). The list of financial services that the Bank has the right to provide to its clients (except for banks) by concluding agent agreements is established by the National Bank of Ukraine. The Bank is obliged to inform the National Bank of Ukraine about agency agreements entered into by it. The Bank is entitled to conclude an agency agreement with a legal entity that complies with the requirements established by the National Bank of Ukraine.

The Bank carries out the following credit transactions:

- ➢ performance of transactions on the securities market on its own behalf;
- ➢ provision of guarantees and suretyships and other obligations from third parties, which provide for their execution in monetary form;
- ➢ and other obligations from third parties that provide for their execution in monetary form;

- the acquisition of the right of claim to perform the obligations in monetary form for the delivered goods or rendered services, assuming the risk of performance of such claims and acceptance of payments (factoring);
- leasing.

In addition to providing financial services, the Bank may also carry out activities related to:

- investment;
- storage of valuables (including accounting and storage of securities and other valuables confiscated (arrested) in favor of the state and/or recognized as ownerless) or provision of an individual bank safe for property lease;
- issue of own securities;
- collection of funds and transportation of currency valuables;
- providing administrator services for the issue of bonds in accordance with the Law of Ukraine "On Capital Markets and Organized Commodity Markets"
- providing consulting and information services on banking and other financial services.

The Bank, subject to obtaining the general license of the National Bank, may carry out the following transactions with currency valuables:

1) non-trading transactions with currency valuables;
2) transactions with cash foreign currency and checks (purchase, sale, exchange, acceptance for collection), carried out at the cash offices and foreign currency exchange offices of banks;
3) transactions with cash foreign currency (purchase, sale, exchange) carried out at foreign currency exchange offices operating on the basis of agency agreements concluded by banks with resident legal entities;
4) maintenance of accounts of clients (residents and non-residents) in foreign currency and non-resident clients in the monetary unit of Ukraine;
5) maintenance of correspondent accounts of banks (residents and non-residents) in foreign currency;
6) maintenance of correspondent accounts of banks (non-residents) in the monetary unit of Ukraine;
7) opening correspondent accounts with authorized banks of Ukraine in foreign currency and conducting transactions thereon;
8) opening correspondent accounts with banks (non-residents) in foreign currency and conducting transactions for them;
9) attraction and placement of foreign currency in the currency market of Ukraine;
10) attraction and placement of foreign currency in the international markets;
11) trade in foreign currency in international markets;
12) trade in foreign currency in the currency market of Ukraine [with the exception of transactions with cash foreign currency and checks (purchase, sale, exchange) carried out at the cash offices and foreign currency exchange offices of banks and agents];
13) currency transactions in the currency market of Ukraine and/or international markets that belong to financial services in accordance with the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets".

The Bank has the right to perform other transactions (other types of activities) in accordance with the legislation of Ukraine and taking into account restrictions established for banks. The Bank cannot carry out activities in the field of material production, trade (except for retailing of commemorative, jubilee and investment coins) and insurance, except for performance of the functions of the insurance intermediary.

The Bank carries out credit transactions, investment activities (in particular, direct investments) and securities transactions, settlement banking operations, performs transactions with persons related to the Bank in accordance with the procedure, under the terms and conditions and subject to restrictions determined by applicable legislation.

In its activities the Bank complies with the requirements for ensuring competition in the banking system, banking secrecy and confidentiality of information, ensuring the client's right to information, prevention and counteraction to the legalization (laundering) of proceeds obtained from crime or terrorist financing, as well as on the reliability of advertising and ensuring the right of the Bank's clients to information.

The Bank forms relations with customers and correspondent banks on the basis of agreements on the provision of banking and other services, which determine mutual obligations and responsibilities of the parties, interest (percentage) rates, commission fees, types of secured repayment of loans, receipt of relevant information from customers, and other conditions.

The Bank's relations with its clients are governed by the applicable legislation, regulatory legal acts of the National Bank of Ukraine and legal transactions (agreements, contracts) between the client and the Bank.

The Bank may conduct securities transactions and professional activity in the securities market. Activities regulated by the regulatory legal acts of the National Securities and Stock Market Commission and for which it is necessary to have the license may be exercised by the Bank only after obtaining the corresponding license issued by the National Securities and Stock Market Commission in accordance with the procedure established by applicable legislation. Subject to obtaining an appropriate license for professional activity in the securities market (in the stock market), the Bank may, in particular, carry out:

- brokerage activities;
- dealership activities;
- underwriting;
- securities management activities;
- depositary activity of a depositary institution;
- asset management activities;
- mortgage collateral management activities;
- activities on keeping the assets of joint investment institutions;
- activities on keeping the assets of pension funds;
- clearing activities.

Subject to obtaining the corresponding license, the Bank develops, manufactures, uses, operates, imports, exports cryptosystems and facilities for cryptographic protection of information, provides services in the field of cryptographic protection of information for the Bank and its clients.

In its activities, the Bank may use an electronic digital signature.

Types of activities that require a special permit (license) in accordance with the applicable legislation of Ukraine may be carried out by the Bank upon its receipt of the corresponding permit (license) in accordance with the procedure established by the applicable laws.

Owners of substantial shareholdings at JSC«CREDITWEST BANK».

Information about the final owners in the ownership structure of the Bank

№	Surname, name and patronymic of an individual or full name of a legal entity	Person type	Is the person the owner of a significant share in the bank	Personal information	Shareholding of a person in a bank,%			Description of the person's relationship with the bank
					direct	indirect	joined	
1	2	3	4	5	6	7	8	9
1.	Inan Altinbas (Altınbaş İnan)	individual	yes	Citizen of the Republic of Turkey	0	9,703184	9,703184	By : - ownership of 90% of shares of JSC "Trona ic ve Dis Ticaret Danismanlik", which owns 9.96% of shares of JSC "ALTINHAS HOLDING ANONIM SIRKETI" - ownership of 54% of shares of JSC "Final Alacak Yonetim Dan. Ve Destek Hizm." (45% directly and 9% indirectly through JSC "Trona ic ve Dis Ticaret Danismanlik"), which owns 25.08% of shares of JSC "ALTINHAS HOLDING ANONIM SIRKETI" - direct ownership of 19.98% of JSC "ALTINHAS HOLDING ANONIM SIRKETI", which is the owner of 33.34% of shares of JSC "ALTINBAS HOLDING ANONIM SIRKETI", which is the owner of 58% of shares of JSC "CREDITWEST BANK" (hereinafter - the Bank) and 25% shares of JSC "CREDITWEST FACTORING ANONIM SIRKETI", which is the owner of 42% of shares of the Bank. He is an associate (brother) of Altinbas Huseyin, Altinbas Vakkas, Altinbas Ali, Altinbas Nusret and Altinbas Sofu.
2.	Altinbas Huseyin (Altınbaş Hüseyin)	individual	yes	Citizen of the Republic of Turkey	0	12,849973	12,849973	By : - ownership of 45% of shares of JSC "Final Alacak Yonetim Dan. Ve Destek Hizm. A.S.", who owns 25.08% of shares of JSC "ALTINHAS HOLDING ANONIM SIRKETI" - direct ownership of 44.98% of shares of JSC "ALTINHAS HOLDING ANONIM SIRKETI", which is the owner of 33.34% of shares of JSC "ALTINBAS HOLDING ANONIM SIRKETI", which is the owner of 58% of shares of the Bank and 25% shares of JSC "CREDITWEST FACTORING ANONIM SIRKETI", which is

								the owner of 42% of shares of the Bank. He is an associate person (brother) of Altinbas Inan, Altinbas Vakkas, Altinbas Ali, Altinbas Nusret and Altinbas Sofu.
3.	Altinbas Ali (Altınbaş Ali)	individual	yes	Citizen of the Republic of Turkey	0	11,41895	11,41895	By : - ownership of 16.67% of shares of JSC "ALTINBAS HOLDING ANONIM SIRKETI", which is the owner of 58% of shares of the Bank and 25% shares of JSC "CREDITWEST FACTORING ANONIM SIRKETI", which is the owner of 42% of shares of the Bank. He is an associate (brother) of Altinbas Huseyin, Altinbas Vakkas, Altinbas Inan, Altinbas Nusret and Altinbas Sofu.
4.	Altinbas Vakkas (Altınbaş Vakkas)	individual	yes	Citizen of the Republic of Turkey	0	11,41895	11,41895	By : - ownership of 50% of shares of JSC "ASV HOLDING ANONIM SIRKETI", which owns 33.34% of shares of JSC "ALTINBAS HOLDING ANONIM SIRKETI", which owns 58% of shares of the Bank and 25% shares of JSC "CREDITWEST FACTORING ANONIM SIRKETI", which is the owner of 42% of shares of the Bank. He is an associate (brother) of Altinbas Huseyin, Altinbas Inan, Altinbas Ali, Altinbas Nusret and Altinbas Sofu.
5.	Altinbas Nusret (Altınbaş Nusret)	individual	yes	Citizen of the Federal Republic of Germany	0	11,41895	11,41895	By : - ownership of 16.67% of shares of JSC "ALTINBAS HOLDING ANONIM SIRKETI", which is the owner of 58% of shares of the Bank and 25% shares of JSC "CREDITWEST FACTORING ANONIM SIRKETI", which is the owner of 42% of shares of the Bank. He is an associate (brother) of Altinbas Huseyin, Altinbas Vakkas, Altinbas Ali, Altinbas Inanu and Altinbas Sofu.
6.	Altinbas Sofu (Altınbaş Sofu)	individual	yes	Citizen of the Republic of Turkey	0	11,41895	11,41895	By : - ownership of 50% of shares of JSC "ASV HOLDING ANONIM SIRKETI", which owns 33.34% of shares of JSC "ALTINBAS HOLDING ANONIM SIRKETI", which owns 58% of shares of the Bank and 25% shares of JSC "CREDITWEST FACTORING ANONIM SIRKETI", which is the owner of 42% of shares of the Bank. He is an associate (brother) of Altinbas Huseyin, Altinbas

								Wakkas, Altinbas Ali, Altinbas Nusret and Altinbas Inan.
7.	Altinbas Mehmet Atakan (Mehmet Atakan Altınbaş)	individual	no	Citizen of the Republic of Turkey	0	0,284743	0,284743	By - ownership of 100% of shares of "European Trade and Investment SA", which owns 10% of shares of JSC "Trona ic ve dis. ticaret danismanlik", which i) owns 9.96% of shares of JSC "ALTINHAS HOLDING ANONIM SIRKETI" of direct ownership and ii) owns 10% of the shares of JSC "Final Alacak Yonetim Dan. Ve Destek Hizm. A.S.", which is the owner of 25.08% of shares of JSC "ALTINHAS HOLDING ANONIM SIRKETI", which is the owner of 33.34% of JSC "ALTINBAS HOLDING ANONIM SIRKETI", which owns 58% of shares of the Bank and 25% shares of JSC "CREDITWEST FACTORING ANONIM SIRKETI", which is the owner of 42% of shares of the Bank. He is an associate (son) of Inan Altinbas.

Information about the final owners in the ownership structure of the Bank

№	Surname, name and patronymic of an individual or full name of a legal entity	Person type	Type of substantial shareholdings	Personal information	Description of the person's relationship with the Bank
1	2	3	4	5	6
1.	Inan Altinbas (Altınbaş İnan)	individual	O	Citizen of the Republic of Turkey	According to the decision of the Committee on Supervision and Regulation of banks, Supervision (Oversight) of Payment Systems No. 276 dated 28.07.2017, the joint acquisition of indirect significant interest in JSC "CREDITWEST BANK" in the amount of 100% of the Bank's authorized capital was approved. Together with its associates, holds an indirect significant interest in the amount of 68.5% of the Bank's authorized capital by: - ownership of 90% of shares of JSC "Trona ic ve Dis Ticaret Danismanlik", which owns 9.96% of shares of JSC "ALTINHAS HOLDING ANONIM SIRKETI " - ownership of 54% of shares of JSC Final Alacak Yonetim Dan. Ve Destek Hizm. (45% directly and 9% indirectly through JSC "Trona ic ve Dis Ticaret Danismanlik"), which owns 25.08% of shares of JSC "ALTINHAS HOLDING ANONIM SIRKETI" - direct ownership of 19.98% of JSC "ALTINHAS HOLDING ANONIM SIRKETI", which is the owner of 33.34% of shares of JSC "ALTINBAS HOLDING ANONIM SIRKETI", which is the owner of 58% of shares of the Bank and 25% shares of the JSC "CREDITWEST FACTORING ANONIM SIRKETI", which is the owner of 42% of shares of the Bank. Together with associates, he is a controller of JSC "ALTINBAS HOLDING ANONIM SIRKETI", JSC "ALTINHAS HOLDING ANONIM SIRKETI", JSC "CREDITWEST FACTORING ANONIM SIRKETI".
2.	Altinbas Huseyin (Altınbaş Hüseyin)	individual	O	Citizen of the Republic of Turkey	According to the decision of the Committee on Supervision and Regulation of banks, Supervision (Oversight) of Payment Systems No. 276 dated 28.07.2017, the joint acquisition of

					indirect significant interest in the Bank in the amount of 100% of the Bank's authorized capital was approved. Together with its associates, holds an indirect significant interest in the amount of 68.5% of the Bank's authorized capital by: - ownership of 45% of shares of JSC "Final Alacak Yonetim Dan. Ve Destek Hizm. A.S.", who owns 25.08% of shares of JSC "ALTINHAS HOLDING ANONIM SIRKETI" - direct ownership of 44.98% of shares of JSC "ALTINHAS HOLDING ANONIM SIRKETI ", which is the owner of 33.34% of shares of JSC "ALTINBAS HOLDING ANONIM SIRKETI", which is the owner of 58% of shares of the Bank and 25% shares of JSC "CREDITWEST FACTORING ANONIM SIRKETI", which is the owner of 42% of shares of the Bank. Together with associates, he is a controller of JSC "ALTINBAS HOLDING ANONIM SIRKETI", JSC "ALTINHAS HOLDING ANONIM SIRKETI", JSC "CREDITWEST FACTORING ANONIM SIRKETI".
3.	Altinbas Ali (Altınbaş Ali)	individual	O	Citizen of the Republic of Turkey	According to the decision of the Committee on Supervision and Regulation of banks, Supervision (Oversight) of Payment Systems No. 276 dated 28.07.2017, the joint acquisition of indirect significant interest in the Bank in the amount of 100% of the Bank's authorized capital was approved. Together with its associates, holds an indirect significant interest in the amount of 68.5% of the Bank's authorized capital by: - ownership of 16.67% of shares of JSC "ALTINBAS HOLDING ANONIM SIRKETI", which is the owner of 58% of shares of the Bank and 25% shares of JSC "CREDITWEST FACTORING ANONIM SIRKETI", which is the owner of 42% of shares of the Bank. Together with associates, he is a controller of JSC "ALTINBAS HOLDING ANONIM SIRKETI", JSC "CREDITWEST FACTORING ANONIM SIRKETI".
4.	Altinbas Vakkas (Altınbaş Vakkas)	individual	O	Citizen of the Republic of Turkey	According to the decision of the Committee on Supervision and Regulation of banks, Supervision

					(Oversight) of Payment Systems No. 276 dated 28.07.2017, the joint acquisition of indirect significant interest in the Bank in the amount of 100% of the Bank's authorized capital was approved. Together with its associates, holds an indirect significant interest in the amount of 68.5% of the Bank's authorized capital by: - ownership of 50% of shares of JSC "ASV HOLDING ANONIM SIRKETI", which owns 33.34% of shares of JSC "ALTINBAS HOLDING ANONIM SIRKETI", which is the owner of 58% of shares of the Bank and 25% shares of JSC "CREDITWEST FACTORING ANONIM SIRKETI", which is the owner of 42% of shares of the Bank. Together with associates, he is a controller of JSC "ALTINBAS HOLDING ANONIM SIRKETI", JSC "ASV HOLDING ANONIM SIRKETI", JSC "CREDITWEST FACTORING ANONIM SIRKETI".
5.	Altinbas Nusret (Altınbaş Nusret)	individual	O	Citizen of the Federal Republic of Germany	According to the decision of the Committee on Supervision and Regulation of banks, Supervision (Oversight) of Payment Systems No. 276 dated 28.07.2017, the joint acquisition of indirect significant interest in the Bank in the amount of 100% of the Bank's authorized capital was approved. Together with its associates, holds an indirect significant interest in the amount of 68.5% of the Bank's authorized capital by: - ownership of 16.67% of shares of JSC "ALTINBAS HOLDING ANONIM SIRKETI", which is the owner of 58% of shares of the Bank and 25% shares of JSC "CREDITWEST FACTORING ANONIM SIRKETI", which is the owner of 42% of shares of the Bank. Together with associates, he is a controller of JSC "ALTINBAS HOLDING ANONIM SIRKETI", JSC "CREDITWEST FACTORING ANONIM SIRKETI".
6.	Altinbas Sofu (Altınbaş Sofu)	individual	O	Citizen of the Republic of Turkey	According to the decision of the Committee on Supervision and Regulation of banks, Supervision (Oversight) of Payment Systems No. 276 dated 28.07.2017, the joint acquisition of indirect significant interest in the Bank in

					the amount of 100% of the Bank's authorized capital was approved. Together with its associates, holds an indirect significant interest in the amount of 68.5% of the Bank's authorized capital by: - ownership of 50% of shares of JSC "ASV HOLDING ANONIM SIRKETI", which owns 33.34% of shares of JSC "ALTINBAS HOLDING ANONIM SIRKETI", which is the owner of 58% of shares of the Bank and 25% shares of JSC "CREDITWEST FACTORING ANONIM SIRKETI", which is the owner of 42% of shares of the Bank. Together with associates, he is a controller of JSC "ALTINBAS HOLDING ANONIM SIRKETI", JSC "ASV HOLDING ANONIM SIRKETI", JSC "CREDITWEST FACTORING ANONIM SIRKETI".
7.	Joint-stock company "ALTINHAS HOLDING ANONIM SIRKETI" («ALTINHAS HOLDİNG ANONİM SİRKETİ»)	Legal Entity	O	Republic of Turkey, Istanbul/Sisli Buyukdere st., Business Center Ozsesen, block C, 9th floor (Buyukdere Cd. Özsezen İşmerkezi C Blok K:9 Şişli, İstanbul, Turkey Republic); Identification code 705657	Owns 33.34% of shares of JSC "ALTINBAS HOLDING ANONIM SIRKETI", which owns 58% of shares of the Bank and 25% shares of JSC "CREDITWEST FACTORING ANONIM SIRKETI", which owns 42% of the Bank's shares. The acquisition of an indirect significant participation was approved in accordance with the decision of the Committee on Supervision and Regulation of Banks, Supervision (Oversite) of Payment Systems dated 28.07.2017 No. 276.
8.	Joint-stock company "ALTINBAS HOLDING ANONIM SIRKETI" («ALTINBAŞ HOLDİNG ANONİM SİRKETİ»)	Legal Entity	П	Republic of Turkey, Mahmutbey Mah., Dilmenler Avenue, ALTINBAS University, 26-28, Bagcilar / Istanbul, (Republic of Turkey, Istanbul, Bagcilar, Dilmenler av., Altinbas University №, 26-28, Maslak/Sarıyer); Identification code 394381	The shareholder of the Bank, which owns 58% of shares of the Bank and 25% shares of JSC "CREDITWEST FACTORING ANONIM SIRKETI", which owns 42% of the Bank's shares. Consent to acquire a significant participation was given in accordance with the resolution of the Board of the National Bank of Ukraine №114 of March 27, 2006.

9.	Joint-stock company "ASV HOLDING ANONIM SIRKETI" («ASV HOLDİNG ANONİM SİRKETİ»)	Legal Entity	O	Republic of Turkey, Esentepe Quarter st. Keskin Kalem №39 / 3 Sisli / Istanbul (Republic of Turkey, Esentepe mah., Keskin Kalem str. №39/3 Sisli / İstanbul) Identification code34184-5	Owns 33.34% of shares of JSC "ALTINBAS HOLDING ANONIM SIRKETI", which owns 58% of shares of the Bank and 25% shares of JSC "CREDITWEST FACTORING ANONIM SIRKETI", which owns 42% of the Bank's shares. The acquisition of an indirect significant participation was approved in accordance with the decision of the Committee on Supervision and Regulation of Banks, Supervision (Oversite) of Payment Systems dated 28.07.2017 No. 276.
10.	Joint- stock company "CREDITWEST FACTORING ANONIM SIRKETI" ("Creditwest Factoring Anonim Sirketi")	Legal Entity	O	Republic of Turkey, Büyükdere Cad. No108 Enka Binası Kat 1 Esentepe/Şişli/İstanbul Identification code 314444-0	The shareholder of the Bank, which owns 42% of shares of the Bank. By decision of the Committee for Supervision and Regulation of Banks, Supervision (Oversite) of Payment Systems of the National Bank of Ukraine No. 494 of November 16, 2020, permission was granted to "CREDITWEST FACTORING ANONIM SIRKETI" Joint Stock Company to directly acquire a substantial stake in 42% of the Bank's authorized capital.

General Meeting Information.

In 2024, the next General Meeting of the Bank's shareholders took place:

- 1 – annual (25.04.2024)

Information regarding the general description of the decisions made is given in the table:

Date	General description of the decisions made at the meeting
25.04.2024	**1.** To approve the report and conclusions of the external independent auditor of the Bank, "Baker Tilly Ukraine" LLC, submitted to the General Meeting based on the results of the audit of the Bank's financial statements for the year ended December 31, 2023, without comments or additional measures. **2.** 2.1. To approve the annual report of the Bank for 2023, which includes the annual financial statements of the Bank for 2023 in accordance with international financial reporting standards and the results of the Bank's financial and economic activities for 2023. 2.2. To approve the financial result of the Bank for 2023, namely the profit in the amount of UAH 10,809,710.67 (ten million eight hundred and nine thousand seven hundred and ten hryvnias and 67 kopecks). The Bank's profit for 2023 in the amount of UAH 10,809,710.67 (ten million eight hundred and nine thousand seven hundred and ten hryvnias and 67 kopecks) shall be distributed in accordance with the laws of Ukraine and the Bank's Charter as follows - 5% of the Bank's profit for 2023 in the amount of UAH 540,485.53 (five hundred and forty thousand four hundred and eighty-five hryvnias and 53 kopecks) shall be allocated to the reserve fund of the Bank, - 95% of the Bank's profit for 2023 in the amount of UAH 10,269,225.14 (ten million two hundred and sixty-nine thousand two hundred and twenty-five hryvnias and 14 kopecks) shall be retained. Dividends based on the results of financial and economic activities for 2023 shall not be distributed or paid. **3.** To approve the report of the Supervisory Board for 2023 submitted to the General Meeting. To recognize the activities of the Supervisory Board of the Bank for 2023 as effective and meeting the interests of shareholders, depositors, investors and contributing to the further development of the Bank. **4.** To approve the Report on the remuneration of the members of the Supervisory Board of the Bank for 2023. **5.** To re-elect the Chairman and members of the Supervisory Board in the following composition for the next three years in the number of five (5) persons: Chairman of the Supervisory Board - Mr. Huseyin Altınbaş - (who is a representative of Joint Stock Company "ALTİNBAŞ HOLDING ANONİM ŞIRKETİ");

	Member of the Supervisory Board (representative of Joint Stock Company “ ALTINBAŞ HOLDING ANONIM ŞIRKETI”) - Mr. Omer Akgül; Independent member of the Supervisory Board - Mr. Talip Selcuk Şaldırak; Independent member of the Supervisory Board - Mr. Koray Akkuş; Independent member of the Supervisory Board - Mr. Avram Rami Hayim. **6.** To approve the terms and conditions of the agreements to be concluded with the Chairman and members of the Supervisory Board of the Bank, which are attached. To authorize the Chairman of the Management Board or the person exercising the powers (performing the duties) of the Chairman of the Management Board to sign on behalf of the Bank the agreements with the Chairman and members of the Supervisory Board of the Bank, the terms of which are approved by the General Meeting of Shareholders, within one month from the date of adoption of this resolution. **7.** In connection with re-election for a new term, the powers of the current members of the Supervisory Board of the Bank shall not be terminated. **8.** To approve amendments to the Regulations on Remuneration of the Members of the Supervisory Board of JOINT STOCK COMPANY “WEST FINANCE AND CREDIT BANK” by setting out in a new version. **9.** To determine the main directions of the Bank's activity, which are defined in the Appendix to the Meeting Minutes.

Information on any restrictions on the rights of participation and voting of shareholders (participants) at the General Meeting of the Bank is not provided due to the absence of restrictions.

The procedure for appointment and dismissal of the issuer's officers is determined by the Bank's Charter, the Bank's Supervisory Board Regulations and the Bank's Management Board Regulations.

THE SUPERVISORY BOARD OF THE BANK

The members of the Supervisory Board may be independent members of the Bank's Supervisory Board, members of the Bank and representatives of participants of the Bank. Only an individual may be a member of the Supervisory Board.

The number of members of the Supervisory Board may not be less than five persons and must consist of at least one third of the independent directors, the number of independent directors must be at least three.

Independent directors must comply with the requirements established by current Ukrainian legislation on independence on an ongoing basis throughout the term of office of the Supervisory Board’s member. The Bank is obliged to monitor the compliance of independent directors with the requirements regarding their independence, and in case of non-compliance, to ensure the replacement of such independent directors.

The members of the Supervisory Board may not be neither members of the Management Board, nor hold other positions in the Bank under the terms of an employment contract (contract) or provide services to the Bank in accordance with a civil contract.

Members of the Supervisory Board take office after their approval by the National Bank of Ukraine (unless such approval is required).

The term of office of a member of the Supervisory Board is determined in the Charter of the Bank and upon its election, but not more than three years.

The same person may be elected to the Supervisory Board on more than one occasion.

If the number of members of the Supervisory Board is less than half of its required number, the Bank must convene an extraordinary General Meeting within three months to elect the entire membership of the Supervisory Board. If the number of members of the Supervisory Board, whose powers are valid, is half or less than half of its elected by the General Meeting of the quantitative composition, the Supervisory Board may not make decisions except for the decisions on calling an extraordinary General Meeting to elect the entire composition of the Supervisory Board.

In case the Chairman of the Supervisory Board is unable to fulfil his / her powers, one of the members of the Supervisory Board shall exercise his / her authority upon its decision.

The Bank's shareholders have the right to nominate candidates for election to the Supervisory Board of the Bank in accordance with the procedure established by the current legislation of Ukraine, the Bank's Statute, the General Shareholders' Meeting Regulation.

Each shareholder has the right to submit proposals for new candidates to the Bank's Supervisory Board, the number of which may not exceed the quantitative composition of the Supervisory Board.

The shareholder's proposal for the nomination of candidates for election to the Supervisory Board shall be in compliance with the requirements and shall be submitted in accordance with the procedure established by the Regulations on the General Meeting of Shareholders.

The candidates elected to the Supervisory Board are those who received the largest number of votes of shareholders compared to other candidates. If two and/or more candidates received the same number of votes of shareholders, which made it impossible to determine the final composition of the Supervisory Board in accordance with the quantitative limitation of members of the Supervisory Board, the Supervisory Board is considered unformed.

Members of the Bank's Supervisory Board are considered elected, the Bank's Supervisory Board is considered to be formed, only if the full quantitative composition of the Bank's Supervisory Board is elected by cumulative voting.

A member of the Supervisory Board elected as a representative of a shareholder may be recalled or replaced by such shareholder at any time. In case of replacement of a member of the Supervisory Board - a representative of the shareholder, the powers of the recalled member of the Supervisory Board shall be terminated, and the new member of the Supervisory Board shall acquire the powers from the date of receipt by the Bank of a written notice from the shareholder, whose representative is the corresponding member of the Supervisory Board and after its approval by the National Bank of Ukraine (if necessary). At the same time the powers of other members of the Supervisory Board shall not terminate.

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 of the Bank and, within the competence defined by the Bank's Charter and the current legislation of Ukraine, controls and regulates the activities of the Management Board. The Supervisory Board does not participate in the current management of the Bank. The Supervisory Board acts on the basis of the current legislation, the Bank's Charter, the Regulation on the Bank's Supervisory Board, reports to the General Meeting on its activities, the general condition of the Bank and the measures taken by it to achieve the Bank's goal.

The General Meeting is entitled to decide on early termination the powers of the members of the Supervisory Board and the simultaneous election of new members.

The powers of the member of the Supervisory Board could be terminated without the decision of the General Meeting with simultaneous termination of the contract in the following circumstances:

- at his request, subject to two weeks' written notice to the Bank;
- at his request, in case of impossiblity to fulfil the duties of a member of the Supervisory Board for health reasons;
- in the case of the entry into force of a sentence or decision of a court sentenced to punishment, which excludes the possibility of performing the duties of a member of the Supervisory Board;
- in the case of death, recognition of him as incapacitated, of limited to capacity, missing, deceased;
- in case of entry into force of a court decision, according to which a member of the Supervisory Board - an independent director is recognized as such that cannot be considered an independent director and/or a court decision, according to which a member of the Supervisory Board is found guilty of violating the requirements of the Law of Ukraine "On Joint Stock Companies" regarding the duties of Bank officials;
- if the Bank receives a written notice of the replacement of a member of the Supervisory Board who is a representative of the shareholder;
- in case of violation by a member of the Supervisory Board of the requirements for officials of the Bank provided by the Law of Ukraine "On Joint Stock Companies";
- in case of alienation by the shareholder(s), whose representative(s) is a member of the Supervisory Board, of all shares of the Bank belonging to him/her;
- in case of the introduction by the Deposit Guarantee Fund of Individuals of a temporary administration in the Bank or the start of the Bank's liquidation procedure.

Upon termination of the powers of a member of the Supervisory Board, the contract (contract) concluded with him / her is terminated simultaneously.

In 2024 the committees in the Supervisory Board have not been established.

The composition of the Supervisory Board as of 31 December 2024:

- Huseyin Altinbas - Chairman of the Bank's Supervisory Board, who is a representative of the Shareholder.
- Omer Akgul – the member of the Mangement Board, who is a representative of Shareholder.
- Talip Selchuk Shaldyrak, is an independent member of the Bank's Supervisory Board.
- Koray Akkus is an independent member of the Bank's Supervisory Board.
- Avram Rami Chaim is an independent member of the Bank's Supervisory Board.

THE MANAGEMENT BOARD OF THE BANK

The number of Board members must be at least 3 (three) people. The Board includes the Chairman of the Board, Deputy Chairmen of the Board (if any) and two members of the Board (who may be elected as Vice-Chairmen of the Board). The members of the Management Board are appointed by the Supervisory Board on the recommendation of the Chairman of the Management Board.

The Chairman and the members of the Management Board of the Bank may be persons who have a working relationship with the Bank. The Chairman and the members of the Management Board may not simultaneously be the Chairman, members of the Supervisory Board.

Approval of candidates for members of the Board of Directors for a position, establishment of compliance of a member of the Board of Directors with the established legislative requirements, procedure of notification of the National Bank on non-compliance of a member of the Management Board with established legislative requirements, promotion of a member of the Management Board, informing the Supervisory Board of violations of Ukrainian legislation in the activity of the Bank and the deterioration of the Bank's financial condition or the threat of such deterioration, the level of risks arising from to the Bank's activities, informing the Supervisory Board about the untimely or improper fulfilment of obligations to the Bank by the Bank's related persons' succession planning in the Board shall be carried out in accordance with the procedure established by internal documents of the Bank, taking into account the requirements of the law.

Nominations of the Chairman of the Management Board and the members of the Management Board of the Bank shall be approved by the National Bank of Ukraine in accordance with the requirements and within the terms established by the current legislation and the National Bank of Ukraine. The person elected/appointed to the position of Chairman of the Management Board shall assume this position after approval by the National Bank.

Information regarding changes in the composition of the Management Board shall be submitted by the Bank to the National Bank of Ukraine in accordance with the requirements and within the terms established by the current legislation and the National Bank of Ukraine.

The members of the Management Board may not be persons who are prohibited from holding positions in the governing bodies of the Bank under the current legislation of Ukraine.

The Management Board is appointed by the Bank's Supervisory Board. The term of office of the Chairman of the Board / members of the Board may be determined at their appointment.

Upon appointment, an employment contract / contract is concluded with the Chairman of the Board and the members of the Board. On behalf of the Bank, the employment contract / contract with the Chairman of the Management Board is signed by the Chairman of the Supervisory Board or another person authorized by the Supervisory Board.

Members of the Bank's Management Board, including the Chairman of the Management Board, may at any time be removed from their duties by the Bank's Supervisory Board. The powers of the Chairman and members of the Management Board may be terminated early by the decision of the Bank's Supervisory Board.

The Chairman and members of the Management Board may be reappointed an unlimited number of times.

In the event of termination of the employment contract between the Bank and the Chairman of the Management Board or the removal of the Chairman of the Management Board of the Bank from his / her duties, the Supervisory Board of the Bank may appoint a temporary acting Chairman of the Management Board. The Supervisory Board may suspend the term of office of the Chairman of the Management Board with the simultaneous decision on the appointment of a new Chairman of the Management Board or a person temporarily exercising his / her authority.

The Management Board is a permanent executive body of the Bank, which manages its current activities and organizes the fulfillment of tasks and decisions of the General Meeting and the Supervisory Board of the Bank. As the body that manages the Bank's day-to-day operations, the Management Board is responsible for implementing its objectives, strategies and policies. The

Bank's Management Board acts on behalf of the Bank within the powers stipulated by the current legislation, the Bank's Charter, the Regulation on the Management Board and other internal documents of the Bank. The Management Board resolves all issues of the Bank's activities, except for those that fall within the exclusive competence of the General Meeting and the Supervisory Board, and reports to the Supervisory Board.

In the event of termination of the employment contract between the Bank and the Chairman of the Board, failure of the Chairman of the Board to become accredited by National Bank of Ukraine, or removal of the Chairman of the Board from the performance of his duties, the Supervisory Board may appoint a temporary acting Chairman of the Board. In this way, a person appointed as acting Chairman of the Board of Directors shall act within the powers of the Chairman of the Board of Directors of the Bank without a power of attorney and other special powers when representing the Bank and performing transactions (entering into contracts, contracts, agreements).

The executive body of JSC «CREDITWEST BANK» (Management Board of the Bank) as of 31/12/2024 is composed of six members, namely:

Chairman of the Management Board of the Bank – Tykhonov Igor Yuriiovych

Deputy Chairman of the Management Board of the Bank – Sergiy Luskalov Viktorovich

Deputy Chairman of the Management Board of the Bank – Rudenko Svitlana Mykolaiivna

Chief Accountant - Member of the Board – Kuzmenko Igor Mykolayovich

Member of the Board – Lysenko Oleksii Petrovich

Member of the Board – Yaroshenko Serhii Serhiyovych

During 2024, the composition of the Management Board of the Bank has not been changed.

Throughout the year of 2024 facts of violation by the members of the Supervisory Board and the Management Board of JSC «CREDITWEST BANK» of internal rules resulting in damage inflicted on the Bank or consumers of financial services are absent.

Throughout the year of 2024 enforcement actions applied during the year by state authorities to JSC «CREDITWEST BANK», including those applied to the members of the Supervisory Board and Management Board of the Bank, are absent.

Amount of Remuneration for the Reporting Financial Year 2024 (Fixed):

- Amount of UAH 3,335 thousand was paid to the members of the Supervisory Board, with three recipients;
- Amount of UAH 15,977 thousand was paid to the Management Board of the Bank, with five recipients;
- Amount of UAH 14,967 thousand was paid to the other key management personnel of the Bank, with twelve recipients.

Amount of Variable Payments for the Reporting Financial Year 2024:

- There were no variable payments to the members of the Supervisory Board;
- There were no variable payments to the Management Board of the Bank;
- Amount of UAH 1,028 thousand was paid to the other key management personnel of the Bank.

There is no amount of unpaid deferred remuneration to the members of the Supervisory Board, the Management Board of the Bank, or other influential individuals of the Bank for the year 2024.

There is no amount of deferred remuneration for previous financial years paid during 2024 to the members of the Supervisory Board, the Management Board of the Bank, or other influential individuals of the Bank.

There were no hiring payments made in 2024 to the members of the Supervisory Board, the Management Board of the Bank, or other influential individuals of the Bank.

Amounts of Redundancy Payments Made During 2024:

- There were no payments to the members of the Supervisory Board;
- There were no payments to the members of the Management Board;
- There were no payments to the other key management personnel of the Bank.

CORPORATE SECRETARY

In accordance with the Bank's Charter, the Corporate Secretary is the person responsible for the Bank's interaction with shareholders and/or investors.

He/she is elected by the Supervisory Board on the proposal of the Chairman of the Supervisory Board.

The Corporate Secretary provides organizational and informational support for the activities of the Bank's governing bodies (General Meeting, Supervisory Board and Management Board), as well as proper informing of shareholders and stakeholders.

The corporate secretary must have the knowledge necessary to perform his/her tasks, an impeccable reputation and enjoy the trust of shareholders.

The Corporate Secretary was appointed by the 27.06.2024 Supervisory Board (Minutes No. 18), and took office as of 01.07.2024.

The activities of the Corporate Secretary are regulated by the Bank's Charter, decisions of the General Meeting of Shareholders and the Supervisory Board, the Regulation on the Corporate Secretary and other internal documents of the Bank.

The Corporate Secretary reports quarterly to the Supervisory Board on the results of her work. The report of the Corporate Secretary for the fourth quarter of 2024 was considered and approved by the Supervisory Board at the meeting on February 21, 2025 (Minutes No. 3). In the reporting period, the Corporate Secretary provided interaction with shareholders and other stakeholders, informing the National Bank of Ukraine and disclosing information, the activities of the Supervisory Board (7 meetings were held) and the Management Board (26 meetings).

Information about the corporate secretary:

Name: Olena Petrivna Timchenko

The Corporate Secretary was appointed by the Supervisory Board on June 27, 2024 (Minutes No. 18), and took office on July 01, 2024.

Total work experience is over 20 years. Civil service experience of 10 years, experience in the banking sector - more than 6 years. Previous employment: PJSC "Ukrnafta," Chief Legal Counsel of the Corporate Secretary Service; JSC "CREDITWEST BANK" (02.04.2024 – 28.06.2024), Corporate Secretary, Chief Specialist of the Corporate Secretary Staff (22.03.2023 – 29.03.2024);

State Enterprise “Printing Plant ‘Ukraine’ for the Production of Securities,” Corporate Secretary (23.04.2018 – 18.11.2022).

In 2024, prior to reappointment, the powers of Corporate Secretary Olena Petrivna Timchenko were terminated, and she was dismissed from her position on March 29, 2024, by decision of the Supervisory Board based on her request.

Corporate Governance Code of Joint Stock Company “West Finance and Credit Bank” - a document that sets out and formalizes the Bank’s key corporate governance principles and standards, including the protection of shareholder, client, and stakeholder interests, as well as principles of transparency in decision-making.

Approved by Shareholder Resolution No. 31 dated June 12, 2020.

Full text available at: https://www.creditwest.ua/dokumenty?category=vnutrishni-polozennia

The Bank does everything possible to create a better result and balanced risk management. The Bank continues to comply with all internal procedures provided for by the internal risk management and control system. The Bank assesses the following significant types of risks:
1) credit risk;
2) liquidity risk;
3) interest rate risk of the banking book;
4) market risk;
5) operational risk;
6) compliance risk.

The main risks and uncertainties for the Bank's operations are typical for all banking institutions of Ukraine and are standard risks of banking activities. The Bank performs risk management in the course of a continuous process of determination, assessment and monitoring, as well as by establishing risk limits and other measures of internal control. Credit risk is a risk that threatens the Bank's income and capital due to possible failure of the counterparty or a group of counterparties to perform liabilities owed to the Bank. In order to manage credit risk, a financial and economic analysis of counteragents, an analysis of credit and investment projects, the establishment of limits and restrictions for conducting active operations, portfolio risk management, stress testing etc., are carried out.

Main macroeconomic risks:

1. Termination of cooperation with the IMF will create risks for financial stability.
2. Suspending cooperation with other international financial organizations and foreign governments: often the programs of different IFOs are interconnected and require Ukraine to fulfill similar or identical conditions;
3. The deterioration of investors' ratings of the government's financial position and, consequently, an increase of the risk premium for Ukrainian sovereign debt. This could lead to a significant increase in yields during the placement of new issues of sovereign bonds or de facto complete closure of capital markets for Ukraine, if the situation on world markets worsens.
4. Actual closure of access to foreign capital markets of quasi-sovereign issuers - state-owned banks and enterprises;
5. The decline in the interest of foreign investors to invest in the private sector, as a consequence - a reduction in the inflow of private debt capital and foreign direct investment.

The slow progress in the implementation of structural reforms can have the following adverse effect on the development of the banking sector of the state, namely:

- limiting the demand for credit resources and, as a result, the development of lending to enterprises in the real economy sector, while continuing the tendency towards relatively high rate of inflow of deposits in national currency into the banking system;
- reduction of the financial result due to reduction of interest income, increase in the value of the resource base and a devaluation of the currency component of the balance, etc.;
- devaluation of the national currency rate, which may have a negative impact on the ability of debtors to serve foreign currency debt obligations.

Slow structural changes in the economy and the weakness of the legal system remain significant barriers to the development of the banking sector. These factors reduce the efficiency of redistribution of financial resources and hinder the renewal of lending.

High growth rate of retail lending can become a source of increased credit risk both for the Bank and for the banking system and have unfavorable macroeconomic effects.

Inadequacy of collateral collection procedures, as well as the existence of a moratorium on the realization of property for certain types of loan transactions, in case of non-fulfillment by the debtor of obligations under a loan, is a significant risk of possible losses.

In order to minimize credit risks, the Bank provides for the calculation and formation of reserves for the reimbursement of possible losses under active transactions in accordance with the requirements of the international financial reporting standards.

In addition, approaches to evaluation of the level of credit risk according to national standards are constantly being improved. From 03 January 2017, the Bank evaluates credit risk (prudential reserves) taking into account the new requirements of the National Bank of Ukraine for determining the credit exposure in active banking operations, approved by the resolution of the Board of the NBU dated 30 June 2016 No. 351.

The Bank's risk management system is based on the requirements of the banking legislation of Ukraine, international standards in the field of risk management, fully integrated into the activities of the bank and is being improved along with the development of banking business processes.

The procedures implemented within the framework of the risk management system envisage the identification and assessment of risks, including on the basis of an analysis of the condition of the environment, including the preparation and implementation of risk mitigation measures, the development of proposals for the establishment of the system of limits. Credit risk is the most significant type of risk for a bank, therefore special attention is given to its management, as well as control of the quality of loan portfolio. The Bank manages credit risk by:

- establishing a unified methodology for identifying and assessing credit risk;
- organization of an adequate system of crediting legal entities, individual entrepreneurs, individuals corresponding to the interests of the bank, the system of establishing limits on transactions that are prone to credit risk;
- implementation of qualitative and timely analysis of the condition and dynamics of the loan portfolio, norms of safe functioning characterizing the level of credit risk;
- organization of stress testing and identifying the causes and factors that affect the change in the level of credit risk;
- creation of a system of regular and timely information of the credit committee, the Management Board, the Supervisory Board on the level of credit risk.

The Bank introduced a system of internal ratings of corporate clients, which provides a differentiated assessment of the probability of default by debtors of their obligations on the basis of the analysis of quantitative and qualitative factors of credit risk, the degree of their impact on the ability of the debtor to serve and repay the incurred obligations.

The system of internal ratings is actively used in the process of organizing credit work with clients, in particular, in developing new credit products, determining price conditions for conducting active operations.

In order to manage liquidity, the bank uses a combined method that includes management of liquid assets (accumulation of own liquid assets to cover their expected need), management of liabilities (provision of liquidity due to prior termination of agreements on the attraction of monetary funds in the interbank market), as well as elements of the method of balancing active and passive operations by terms (control of the gaps between assets and liabilities by maturity).

In order to comprehensively evaluate the liquidity risk, the bank uses the following methods: coefficient analysis of the liquidity of the balance sheet (financing limit), liquidity gaps evaluation, cash flow analysis and stress testing. Within the framework of the development of liquidity risk management, the bank calculates and monitors the liquidity ratios provided by Basel III.

To manage market risk, the bank uses periodic evaluation of potential losses that may be incurred as a result of adverse market conditions and establishes adequate limits on the amount of allowable losses. Except for currency positions, the Bank does not have significant market risk concentrations. Valuation of currency risk is carried out using the Value-at-Risk method. The current system of currency risk limits, which includes position limits and loss limits, allows the bank to provide an acceptable level of risk.

Interest risk management and control are based on risk assessment using methods of GAP-analysis, modified duration and stress testing that determine the effect of interest rate changes on net interest income and bank capital.

The system of interest rate risk analysis of the Bank includes: analysis of changes in the present value of assets and liabilities, analysis of changes in the value of net interest income, and analysis of gaps of assets and liability sensitive to changes in interest rates. Limits of maximum and minimum interest rates are established, both for active and passive transactions.

The Bank has established and maintains a comprehensive centralized operational risk management system - Committee of operational risk management ("CORM"), which provides for assessment, monitoring and risk control in accordance with regulatory acts of the bank.

Functions of operational risk management are fixed at all levels: Bank's governing bodies, collegial working bodies, structural divisions and responsible persons.

In order to manage the operational risk, the Bank operates a database of incidents of operational risk. Based on database analysis, recommendations are made to optimize business processes.

The Bank has continued work on improving the technological component of the risk management system. In order to automate the processes of assessment and stress-testing of liquidity risk, interest and currency risks.

The existing system of internal audit (control) of the Bank includes normatively regulated measures for evaluating the effectiveness and adequacy of the organization of corporate management in the bank, the internal control system, bank management processes, and evaluation of processes that ensure the bank's activities.

The organization of the internal control system and its individual components in the Bank's system ensures its effective functioning. The internal control system created by the Bank is based on the division of responsibilities between divisions using the model of three lines of protection and is implemented at each of the Bank's organizational levels, namely:

1) Supervisory Board of the Bank
2) Management Board of the Bank;

3) Collegial committes of the Bank;
4) Business units, support units;
5) Risk management unit and Compliance unit
6) Internal audit unit;
7) Managers and employees of the bank who carry out internal control in accordance with the authority defined by internal bank documents and are not members of the units of the Bank listed in subclauses 1-6.

The Internal Audit Service is a permanent internal audit unit that operates in accordance with the International Standards for the Professional Practice of Internal Auditing.

In accordance with Article 109 of the Law of Ukraine “On Joint Stock Companies”, the Internal Audit Service conducted an audit of the Bank's financial and economic activities for the year ended December 31, 2024. Based on the results of the audit of financial and economic activities, the Internal Audit Service confirms the accuracy and completeness of the financial statements for the year ended December 31, 2024. No facts of violation of the law in the course of financial and economic activities were found. The internal control system is effective. The internal control measures are effective and ensure the accuracy and completeness of the Bank's financial statements.

The Bank's internal control system ensures the achievement of the Bank's operational, informational, and compliance goals defined in its strategy and business plan.

Within the framework of the Risk Management Strategy and Policy of JSC "CREDITWEST BANK", the Declaration of Risk Proclivity was approved, which defines:
1) aggregate level and types of risks that the Bank intends to accept and hold in order to achieve its business objectives. The overall level of risk appetite shall be consistent with the Bank's business model;
2) maximum level of risk acceptable for the Bank based on the amount of available resources (capital and liquidity needs) and taking into account the need to comply with the requirements of the National Bank, obligations to investors, depositors, creditors and shareholders;
3) quantitative and qualitative indicators that take into account such aspects as capital adequacy, liquidity, operating profitability, and cost of risk. The Bank shall establish risk appetite indicators to ensure that the Bank complies with the established regulatory capital and liquidity ratios;
4) level of risk appetite for each type of risk; individual level, which should be the basis for setting limits for each type of risk, as well as a minimum list of quantitative and qualitative indicators of risk appetite for each type of risk;
5) calculation of the risk appetite and a list of assumptions used by the bank in such calculation;
6) types of risks that the bank should avoid;
7) internal and external factors and restrictions affecting the Bank's risk taking.

The declaration also contains information on the level of risk materiality.
Risk limits are developed and approved on the basis of the risk exposure declaration.

The policy on information disclosure was not approved by the issuer.

Human resources, intellectual capital
First of all, the social position of the Bank is its status as an employer on the Ukrainian labor market. The bank provides its employees with competitive employment conditions, provides a full social package and additional benefits in the form of employee insurance, legal advice, and employee safety.

The Bank pays attention to preserving the life and health of employees. In accordance with current legislation, the Bank has created and operates an occupational health and safety management system: relevant internal normative documents have been developed and approved, and those responsible for the implementation of occupational health and safety requirements have been appointed by administrative documents. The Bank invests in the creation of safe and healthy working conditions: purified drinking water is purchased for employees, medical drugs are purchased and provided for the provision of first aid for all divisions of the Bank.

In order to ensure the level of qualification of employees for operational needs within the framework of the regulations on personnel management, the Bank has an employee training system. The Bank carries out its activities in the field of training and development of personnel in accordance with the provisions on personnel management, which ensures the achievement of the desired results of personnel activities in accordance with the strategic tasks of the Bank. Training and development of employees depends on the goals of their professional/operational activities, affects their performance and at the same time provides an opportunity to acquire new knowledge, skills, and abilities. Each employee of the Bank has the right and at the same time is obliged to look for opportunities for personal professional development, as well as for maintaining the level of their own qualifications and mastering new knowledge and skills.

The training methods used in the Bank include:

- offline and online training (trainings, seminars, webinars, etc.);
- external educational events;
- training by the Bank's internal trainers;
- electronic training;
- study of specialized literature.

In the field of environmental protection, the Bank implements a number of programs, the first place among which belongs to the organization of maximum paperless customer service.

Also, the Bank, as a socially responsible institution, carries out measures to support clients with disabilities, adapting them for the possibility of service, and also promotes their employment - the specific weight of employed people with disabilities is about 7% of the total number of employees of the Bank.

The Bank's charitable activities are aimed at supporting a number of programs. Key in the Bank's activities are financial, labor and technological resources.

The Bank's management policy is aimed at effective management of all types of resources, improvement of the Bank's financial indicators, as well as increasing the value of its assets. Therefore, an important element of corporate management is the regular development, review and approval of the development strategy, as well as the determination of priority areas of activity for both individual business areas and the Bank's activities as a whole. As part of the management system, the Bank uses budget management and planning, as well as a system for monitoring the implementation of plans and evaluating the results of the Bank's activities.

The Bank's most valuable resource is its staff, on which the successful operation of the Bank, its further development and implementation of the Strategy depend.

In order to create a corporate culture, define the ethics of team relations, respect of employees to customers, to each other, to managers and to their business, the Bank has approved a Code of Conduct (Ethics).

Recognizing that investments in qualified personnel form the basis of long-term success, the Bank takes care of improving the qualifications of employees, their motivation, and social security. The Bank conducts measures to improve the professional level of employees. The Bank pays constant attention to the improvement and strengthening of corporate culture, issues of health protection of employees and safety of their working conditions.

At the same time, technological resources are key in the Bank's activities. In this area, on the one hand, the Bank is developing technologies for customer service processes through the automation of a significant part of business processes, which will allow more effective implementation of changes and ongoing management of the Bank. In addition, the Bank supports the stability of its IT system, develops its target architecture, implements projects related to the development and support of critical systems.

Technological resources

According to the Bank's development strategy: provided the Bank maintains a high level of service quality, the Bank continues its course towards digital modernization and a new personalized client experience.

IT and regulations

During 2024, the Bank implemented the following IT infrastructure improvements, namely:

- The Bank has connected to the instant payment system based on the National Bank of Ukraine's Electronic Payment System (EPS).
- The internet banking system for legal entities has been updated.
- The implementation of an electronic document management system has begun.

In the process of development, the Bank pays considerable attention to the construction of IT infrastructure and automation of processes. Currently, the Bank has developed technological and infrastructural resources at its disposal. The bank uses a single centralized ABS.
The Bank has and is constantly improving remote channels for servicing legal entities.

The Bank's server infrastructure includes modern equipment, made taking into account all the requirements of the NBU, information and physical security.

Sustainable Development

An important component of ensuring the bank's sustainable development is the system of managing environmental, social and governance (ESG) risks (hereinafter referred to as ESG risks). The Bank's Supervisory Board gradually ensures the integration of ESG into the overall risk management system.

In 2024, as part of its overall Strategy, the Bank approved the Sustainable Development Strategy, defining key goals and directions for development in this area. To assess and minimize the negative impact of its activities on social well-being and the environment, the Bank developed and adopted the Environmental and Social Risk Management Policy. This policy reflects the Bank's commitment to responsible financing, aiming to achieve sustainable growth, high financial performance, environmental protection, and human rights compliance.

Additionally, in cooperation with the Entrepreneurship Development Fund, the Bank developed and approved the Framework Document on the Environmental and Social Management System of JSC "CREDITWEST BANK." This document outlines the requirements for implementing projects and programs financed by the World Bank, KfW Group (KfW), and other international financial organizations, ensuring compliance with environmental and social management standards.

ESG risks

Environmental, social, and governance (ESG) factors are factors that may have both a positive and negative impact on the financial performance or solvency of a business entity or individual, sustainable development of a country, and those related to environmental, social, and governance issues.

Climate, environmental, and social risk management is a system that enables the identification, measurement, monitoring, control, reporting, and mitigation of environmental and social risks caused by the preparation and implementation of a financed project and the activities of the financier on an ongoing basis. Such a risk management system is a mandatory component of the sustainable development policy and is important for financial institutions, their clients (borrowing companies), and investors.

When financing projects, the Bank takes into account risks, impacts and opportunities, in particular

Environmental: potential or actual changes in the physical or natural environment (e.g., environmental pollution, impact on biodiversity, carbon emissions, use of natural resources, climate change);

Social: potential or actual effects that have an impact on the local population and, in particular, the workforce (e.g., health and safety, supply chain, diversity and inclusion);

Governance: the corporate governance structure and processes through which companies are managed and controlled (e.g., board structure and diversity, ethical behavior, risk management, disclosure and transparency).

Information on the existence of ties with foreign countries of the risk zone

1. Presence in the issuer's ownership structure of individuals holding the citizenship of a foreign state of a risk zone - none;
2. Presence in the ownership structure of the issuer of individuals whose permanent place of residence is in foreign countries of the risk zone - none;
3. Presence in the ownership structure of the issuer of legal entities registered in foreign countries of the risk zone - none;
4. Presence in the issuer's management bodies of individuals who have the citizenship of a foreign state of the risk zone - none;
5. Location of the issuer's subsidiaries/enterprises, branches, representative offices and/or other separate structural subdivisions in the territory of the risk zone state - none;
6. Presence of legal entities whose founder, participant, shareholder is the issuer together with the persons specified in subparagraphs 1-3 of this paragraph - none;
7. The issuer has corporate rights in a legal entity registered in a foreign country of the risk zone - none;
8. The issuer has no securities (other than shares) of a legal entity registered in a foreign country of the risk zone;
9. The issuer has business relations with counterparties / clients of the risk zone state or counterparties / clients controlled by the risk zone state:

   - Information on whether the issuer has business relations with clients/counterparties of the risk zone state or clients/counterparties controlled by the risk zone state for clients/counterparties – individuals

Total value of all contracts, in total for all contracts of individual clients/counterparties (UAH)	5 111,83

   - Information on whether the issuer has business relations with clients/counterparties of the risk zone state or clients/counterparties controlled by the risk zone state (for clients/counterparties - legal entities) - information is not disclosed as it is a banking secret in accordance with the Law of Ukraine "On Banks and Banking Activities".

Data are indicated in the notes to the financial statements.

Notes:

6. Cash and Cash Equivalents. As of December 31, 2024, cash balances in the National Bank of Ukraine (NBU) include the minimum required reserve balance that the Bank is obligated to maintain. The amount of the required reserve on the correspondent account with the NBU is UAH 251,451 thousand (2023: UAH 198,553 thousand).

The Bank considers the required reserve on NBU accounts to be a component of cash and cash equivalents. As of December 31, 2024, the two largest balances in current accounts with other banks amount to UAH 155,802 thousand, representing 93.44% of the total balance in current accounts with other banks (2023: UAH 80,506 thousand or 56.33%).

7. Investments in Securities. As of December 31, 2024, investment securities include deposit certificates of the National Bank of Ukraine, foreign government debt securities, and domestic government bonds issued by the Ministry of Finance of Ukraine.
The NBU deposit certificates have interest rates ranging from 13.5% to 15.5% and mature in January–February 2025. As of December 31, 2024, these deposit certificates are neither impaired nor overdue.
Throughout 2024, the Bank conducted transactions with foreign government debt securities, which were accounted for at fair value.
Additionally, during 2024, the Bank carried out operations with domestic government bonds (OVDP) in the national currency, which were accounted for at amortized cost in the held-to-maturity portfolio.

8. Loans and Advances to Banks. As of December 31, 2024, funds in other banks include a guaranteed pledged deposit with a maturity of more than three months, placed in a single bank with a credit rating of "CA" based on Fitch ratings or their equivalents (2023: one bank, rated "B- to CCC-").

9. Loans and Advances to Customers. As of December 31, 2024, the total amount of loans and advances to the ten largest borrowers is UAH 721,101 thousand, representing 59% of the total loans and advances to customers (2023: UAH 647,470 thousand or 63%). The Bank provides loans within the territory of Ukraine.

The borrowers' ability to repay their obligations depends on various factors, including their overall financial condition and ongoing economic changes in Ukraine. Although collateral can significantly reduce credit risk, the Bank's policy prioritizes lending based on the assessment of a client's creditworthiness rather than the value of the proposed collateral. Depending on the client's financial status and the type of product, the Bank may grant unsecured loans.

10. Investment Property. The revaluation loss on investment property in 2024 amounted to UAH 843 thousand. The value of investment property as of December 31, 2024, is UAH 37,117 thousand.

11. Property, plant and equipment and intangible assets. The Bank does not have property, plant and equipment for which there are statutory restrictions on ownership, use and disposal, property, plant and equipment and intangible assets pledged as collateral, property, plant and equipment temporarily unused and property, plant and equipment withdrawn from use. There are no intangible

assets for which there are restrictions on the right of ownership, as well as intangible assets that were internally created.

12. Other assets. The amount of other assets as of December 31, 2024, is UAH 25,104 thousand.
13. Lease. The amount of right-of-use assets as of December 31, 2024, is UAH 7,044 thousand.
14. Bank funds. As of December 31, 2024, bank funds consist of the balance in a LORO account opened for the Austrian Bank.
    As of December 31, 2024, the Bank complied with all loan agreement conditions.
15. Client funds. As of December 31, 2024, the total amount of funds in the current accounts of the five largest clients is UAH 314,235 thousand, or 41% of the total funds in current accounts (December 31, 2023: UAH 566,916 thousand or 59%).

    As of December 31, 2024, the amount of deposits of the five largest clients is UAH 294,057 thousand, or 35% of the total deposits (December 31, 2023: UAH 233,071 thousand or 34%).
16. Other liabilities. The total amount of other liabilities as of December 31, 2024, is UAH 11,210 thousand.
17. Other borrowed funds. As of December 31, 2024, these are represented by loans from international and other financial institutions amounting to UAH 381,359 thousand.
18. Share capital. As of December 31, 2024, the Bank's share capital consists of 149,962,764 ordinary registered shares with a nominal value of UAH 2.43 per share (December 31, 2023: 149,962,764 ordinary shares with a nominal value of UAH 2.43 per share). All shares provide equal voting rights. As of December 31, 2024, all shares were fully paid and registered. No dividends were declared or paid in 2024 or 2023.
19. Contractual and contingent liabilities. As of December 31, 2024, irrevocable loan commitments amount to UAH 15,934 thousand (2023: UAH 5,287 thousand), and financial guarantees amount to UAH 42,071 thousand (2023: UAH 9,306 thousand).
20. Analysis of income and expenses.

    Interest income and expenses. Net interest income amounts to UAH 130,215 thousand for the year ended December 31, 2024 (December 31, 2023: UAH 108,763 thousand).

    Commission income and expenses. Net commission income amounts to UAH 18,107 thousand for the year ended December 31, 2024 (December 31, 2023: UAH 38,282 thousand).

    Administrative and other operating expenses of the Bank for 2024 amount to UAH 49,160 thousand, while for 2023 – UAH 33,146 thousand.
21. Expected credit loss reserves. In 2024, expenses for the formation of reserves for expected credit losses amounted to UAH 4,638 thousand (in 2023: UAH 14,930 thousand).
22. Income tax expenses. In 2024, the statutory corporate income tax rate was 50%, and in 2023, it was also 50%.
23. Derivative financial instruments at fair value through profit or loss. Derivative financial instruments are mainly represented by forward currency contracts and interbank swaps. As of December 31, 2024, derivative financial assets at fair value through profit or loss amount to UAH 237 thousand, while derivative financial liabilities at fair value through profit or loss amount to UAH 512 thousand.
24. Financial risk management. Risk management is a key factor in banking operations and an essential element of the Bank's activities. The main risks faced by the Bank include credit risk, market risk (including exchange rate and interest rate risks), and liquidity risk.

25. Capital management. As of December 31, 2024, the Bank's regulatory capital adequacy ratio (Нрк), calculated according to NBU requirements, is 27.12%.

As of December 31, 2023, the Bank's regulatory capital adequacy ratio, calculated according to NBU requirements, is 29.58%.

The Bank complied with the National Bank of Ukraine's capital adequacy requirements as of December 31, 2024, and December 31, 2023.

26. Balances on transactions with related parties. In the course of its normal activities, the Bank provides loans and advances, attracts deposits, and conducts other transactions with related parties. A party is considered related if one party has the ability to control the other party or exercises significant influence over the other party in making financial and operational decisions. As of December 31, 2024, and December 31, 2023, the actual controlling parties of the Bank are JSC "ALTINBAS HOLDING ANONIM SIRKETI" and "KREDİTVEST FAKTORİNG ANONİM ŞİRKETİ," which are ultimately controlled by the Altınbaş family.

27. Fair value measurement. For the financial assets and financial liabilities being liquid or short-term (less than three months), it is assumed that their carrying amount is approximately equal to their fair value. The said assumption also applies to the deposits on demand, savings accounts with no fixed maturity, and floating rate financial instruments. For the instruments carried at amortized cost, the discounting model of cash flows using current market rates for similar financial instruments with a similar status, similar to credit risk and maturity is applied.

During the year of 2024, the assets of the Bank (excluding current reserves) decreased by UAH 62,075 thousand or by 2% and amounted to UAH 2,531,504 thousand (during the year of 2023 – UAH 2,593,579 thousand). In the structure of assets, the largest share belongs to the article "Loans and advances to customers," which constitutes 48% as of 31 December 2024 (as of 31 December 2023 – 39%), "Investments in securities" – 35% (as of 31 December 2023 – 44%), "Cash and cash equivalents" – 13% (as of 31 December 2023 – 9%), "Investment property" – 1.5% (as of 31 December 2023 – 2.9%), "Other assets" – 1.0% (as of 31 December 2023 – 0.7%), "Fixed assets" – 0.7% (as of 31 December 2023 – 0.6%), "Intangible assets except goodwill" – 0.3% (as of 31 December 2023 – 0.2%), "Loans and advances to banks" – 0.2% (as of 31 December 2023 – 3.4%).

Client loans and receivables increased by 20% to the amount of UAH 1,220,860 thousand (excluding current reserves).

During the year of 2024, there were such changes in the structure of the Bank's loan portfolio, in particular: the share of loans granted to legal entities slightly decreased from 100.00% as of the end of 2023 to 99.79% as of the end of 2024; the share of loans granted to individuals increased respectively from 0.00% to 0.21%.

During the year of 2024, the current provision for the Bank's lending operations increased by UAH 2,367 thousand and reached UAH 11,748 thousand.

The total liabilities of the Bank during 2024 decreased by UAH 75,431 thousand (or by 4%) and constitutes UAH 2,056,555 thousand as of 31 December 2024. The decrease in liabilities took place mainly due to a reduction in bank funds.

Within the structure of liabilities, the share of funds attracted from clients constitutes 80% (as of 31 December 2023 – 78%), including: attracted to individuals' accounts – 24% (as of 31 December 2023 – 20%), legal entities – 76% (as of 31 December 2023 – 80%). The share of other borrowed funds constitutes 19% (as of 31 December 2023 – 18%).

The authorized and paid share capital of the Bank as of 31 December 2024 amounted to UAH 364 410 thousand. The share capital is divided into 149 962 764 ordinary registered shares with a nominal value of UAH 2.43 each. The majority shareholder of the Bank holds a share in the amount of 58% and 42% of the Bank's shares. The Bank's management does not possess the Bank's shares. The decision of the Bank's supreme body regarding the reduction of the charter capital was not taken.

There were no changes in shareholders holding 10% or more of the voting shares. There was no redemption of own shares.

During the year of 2024, the Bank complied with the economic standards of the National Bank of Ukraine, which, as of 31 December 2024, had the following values:

regulatory capital ratio (H1) – UAH 359,648 thousand;

regulatory capital adequacy ratio (Hрк) – 27.12%;

liquidity coverage ratio in all currencies (LCRвв) – 296.65%;

liquidity coverage ratio in foreign currencies (LCRів) – 622.21%;

net stable funding ratio (NSFR) – 162.47%.

According to the results of 2024, the Bank received net profit in the amount of UAH 13,313 thousand, against profit for 2023 – UAH 10,810 thousand.

Key items that influenced the financial results for the year of 2024 (information is provided in comparison with 2023):

net interest income – UAH 130,215 thousand against UAH 108,763 thousand;

net commission income – UAH 18,107 thousand against UAH 38,282 thousand;

income from trade in foreign currency (net gain (loss) on foreign exchange operations and net gain (loss) on foreign currency translation) – UAH 38,835 thousand against UAH 13,811 thousand;

administrative and other operating expenses – UAH 49,160 thousand against UAH 33,146 thousand;

formation of provision – UAH 4,638 thousand against the result of formation of reserves in 2023 for the amount of UAH 14,930 thousand.

The share of fee and commission income as of 31 December 2024 decreased by 4 pp and amounted to 10% in 2024. Interest income amounted to UAH 271,789 thousand, and their share constituted 78% of all incomes (31 December 2023: 80%).

In the year of 2024, as compared to the previous year, the expenses of the Bank increased by 10% and, as of 31 December 2024, they amounted to UAH 315,941 thousand. Interest expenses amounted to UAH 141,574 thousand, and their share constituted 45% of all expenses (31 December 2023: 47%).

During 2024, there were no instances of asset disposal exceeding the threshold established in the Bank's charter.

In the Bank there are no facts of alienation of assets in 2024 that exceeds the amount established in the charter.

In the Bank there are no facts of valuation of assets in the event of their sale in 2024, which exceeds the amount established in the charter.

In the course of its ordinary activities, the Bank provides loans and advances, attracts deposits and carries out other transactions with related parties. The parties are deemed to be related in cases where one party has the ability to control the other party or has a significant influence on the other party in making financial and operating decisions. Terms and conditions of transactions with related parties are established at the moment of performance of the transactions. Related parties are jointly controlled commercial entities, members of the Supervisory Board, key management personnel and their close relatives, as well as companies controlled by shareholders, or on which shareholders, key management personnel or their close relatives exercise significant influence.

As of 31 December 2024, the actual controlling party of the Bank is JSC "ALTINBAS HOLDING ANONIM SIRKETI", which is actually controlled by the Altinbas family.

Transaction balances and transactions with related parties as of 31 December are presented as follows:

	2024 thousand UAH
Transaction balances and transactions with Holding company	
Statement of financial position (as of 31 December):	
Loans and advances to clients	-
Funds of clients	30 008
Statement of cumulative income:	
Interest income	-
Interest expenses	395
Wages and related accruals	35 307
Transaction balances with other related parties	
Statement of financial position (as of 31 December):	
Funds of clients	11 182

The recommendations of the authorities that carry out the state regulation of financial services / markets regarding the auditor's report were not provided to the bank.

During 2024 there was no appointment of an external auditor of the bank's Supervisory Board.

Activities of the external auditor is fulfilled by "Baker Tilly" LLC:

the total length of the audit activity of LLC "Baker Tilly" – 26 years (state registration of the audit company in 1999);

the number of years during which it provides audit services to the Bank – 6 years;

there are no cases of conflicts of interest and/or combination of performance of the functions of the internal auditor.

Rotation of auditors in the bank during the last five years - in 2017 the Bank changed its auditor, in 2019 the Bank changed its auditor.

The Audit Chamber of Ukraine did not apply any charges to the auditor by during the year, and the facts of the submission of false statements by the Bank, confirmed by the auditor's report, revealed by the authorities that carry out the state regulation of financial services markets, are absent.

Protection by the Bank of rights of financial services' consumers:

- the mechanism of consideration of complaints of financial services' consumers is carried out in accordance with the procedure established by the Law of Ukraine "On Protection of Consumer Rights";
- the bank did not assign an employee authorized to consider complaints about financial services;
- the bank has no complaints regarding the provision of financial services in 2024;
- the bank has no lawsuits regarding the provision of financial services in 2024.

Corporate governance in the bank, is carried out in accordance with the regulations of the authorities that carry out the state regulation of financial services' markets.

Confirmation on annual financial statements of JSC «CREDITWEST BANK»

The annual financial statements of JSC "CREDITWEST BANK" are prepared in accordance with International Accounting Standard 1 "Presentation of Financial Statements" (IAS 1), in accordance with the Law of Ukraine "On Accounting and Financial Reporting", contain a reliable and objective presentation of information about the condition of assets, liabilities, financial condition, profits and losses of the bank. The annual report of management includes reliable and objective presentation of information in accordance with part four of Article 40-1 of the Law of Ukraine "On Securities and the Stock Market".

Management declares that the annual financial statements reflect all adjustments necessary for a reliable presentation of the Bank's financial position, the results of its operations, the statement of changes in its own capital and the statement of cash flows for the interim reporting period, its financial results and cash flows for the twelve months that ended on the specified date in accordance with International Financial Reporting Standards (taking into account regulatory acts of the National Bank of Ukraine that regulate the accounting and financial reporting of banks), the Law of Ukraine "On Accounting and Financial Reporting in Ukraine".

Management personnel is responsible for the execution and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards (taking into account regulatory acts of the National Bank of Ukraine that regulate the accounting and financial reporting of banks), the Law of Ukraine "On Accounting and Financial Reporting in Ukraine".

Mr. Igor Tykhonov

м. КИЇВ * УКРАЇНА * АКЦІОНЕРНЕ ТОВАРИСТВО
"ВЕСТ ФАЙНЕНС ЕНД КРЕДИТ БАНК"
Ідентифікаційний код 34575675

Chairman of the Board

Independent auditor's report

To the Shareholders and Supervisory board of
Joint Stock Company "WEST FINANCE AND CREDIT BANK"

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements Joint Stock Company "WEST FINANCE AND CREDIT BANK" (the "Bank"), which comprise:

- the statement of financial position as at 31 December 2024;
- the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended; and
- notes to the financial statements, comprising material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and comply with the provisions for the preparation of financial statements established by the 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 describes the negative impact on the Bank's operations of the military invasion of the territory of Ukraine by the russian federation, which began on February 24, 2022. It is currently impossible to predict the impact of the ongoing military actions in Ukraine, the extent of their further development and the timing of the final cessation of these actions and their negative impact on the Bank's financial position and performance. As noted in Note 3, these events or conditions, together with the other matters, indicate that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern. Our opinion was not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. They incorporate the most significant assessed risks of material misstatements, including risks of material misstatements due to fraud. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter, described in the "Material Uncertainty Related to Going Concern", we have determined that the matter described below to be the key audit matters to be communicated in our report.

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Key audit matter	How our audit addressed the matter
Allowance for expected credit losses (ECL) on loans and advances to customers – UAH 11 748 thousand **Refer to Note 9** We have focused our attention on this matter as a key audit matter due to the materiality of the balances on item "Loans and advances to customers" and the subjective nature of judgements used in calculating allowance for expected credit losses. Allowance for ECL reflect the management's best estimate of expected losses based on the portfolios of loans and advances to customers at the reporting date. The measurement of expected credit losses of a financial instrument is carried out in a way that reflects: an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, time value of money and all reasonable and supportable information about past events, current conditions and forecasts of future conditions by reference to all reasonable and supportable information, including that which is forward-looking. Identifying whether there has been a significant increase in credit risk, impairment and determining the recoverable amount involves certain assumptions and analysis of different factors, including the borrower's financial position, expected future cash flows, observable market prices, fair value of collateral. The use of different models and assumptions can lead to different outcomes in estimation of allowances for ECL on loans and advances to customers.	Our audit procedures have included the following: - Understanding and testing of the system of internal controls implemented by the management in terms of assigning loans to the stages of impairment, calculating allowances for ECL on loans and advances to customers both on an individual and collective basis. - We have assessed the methodology, approaches and assumptions used by the Bank in relation to historical and macroeconomic information, taking into account the facts and circumstances existing at the reporting date, in estimating expected credit losses on loans and advances to customers, including the determination of probability of default (PD), level of loss given default (LGD) and significant increase in credit risk. As part of the above, we have analysed the Bank's methodology to determine whether it is appropriate and compliant with IFRS; - We tested on sampling basis the assumptions underlying the estimation of ECL, including analysis of the borrowers' financial position, projections of future cash flows and valuation of collateral. For ECL on loans and advances to customers for which no individual impairment indicators were identified, we tested the models used and the inputs used in these models and their mathematical accuracy; - In order to estimate the expected credit losses on a collective basis, the LGD and PD used by the Bank were analysed by testing on a sample basis the inputs of historical defaults and historical loan repayments and we performed analyses of the corresponding model results, taking into account the necessary adjustments to reflect expected future changes and the impact of the russian federation's invasion; - For sampled loans, the EAD parameter was tested by reconciliation of the Bank's accounting data with external confirmations, independently obtained from the borrowers, and the primary documents were tested under alternative procedures where appropriate; - We conducted stress testing of the sensitivity of the ECL allowance on loans and advances to customers to changes in key parameters (PD, collateral discount period) and compared them with market parameters; In addition, as part of our audit procedures, we assessed the adequacy of the related disclosure of ECL allowances on loans and advances to customers in the notes to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the Management Report for the year 2024 (including the Corporate Governance Report), which we obtained prior to the date of this auditor's report, and Annual Information of the Issuer of Securities, which is expected to be made available to us after that date. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not 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 this 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 are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB and compliance with the provisions for the preparation of financial statements established by the Law of Ukraine "On Accounting and Financial Statements in Ukraine" No. 996-XIV, and for such internal control as management determines is necessary to enable the preparation of financial statements, that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Reporting on the Management Report

Pursuant to the requirements of Section IV, paragraph 11 "Instruction on the Procedure for Preparation and Publication of Financial Statements of Ukrainian Banks", approved by the Resolution of the Board of the National Bank of Ukraine No. 373 dated 24 October 2011 (the "Instruction No. 373"), based solely on the work performed during our audit, we report the following:

- We conclude that the Management Report for the year 2024, in all material respects, has been prepared in accordance with the requirements of Section IV of Instruction No. 373, and that the information given in it prepared is consistent with the financial statements for the current period.
- If we conclude that there is a material misstatement of information within the Management Report, we are required to report that fact. We have nothing to report in this regard.

Reporting pursuant to Part 4 of Article 14 of the Law of Ukraine "On Audit of Financial Statements and Auditing" No. 2258-VIII (the "Law No. 2258-VIII")

Appointment of the Auditor and Period of Engagement

We were first appointed as auditors to perform a statutory audit of the Bank's financial statements by the Supervisory Board of the Bank according to the resolution dated 27 September 2019. Our total uninterrupted engagement, including previous renewals that occurred and reappointments for the statutory audit of the Bank, is six years.

Provision of Non-Audit Services and Independence

We declare that during the period between the beginning of the audited period and the issuance of the audit report, the prohibited non-audit services referred to in Part 4 of Article 6 of the Law No. 2258-VIII were not provided to the Bank or its controlled undertakings. We, including the key audit partner, remained independent of the Bank in conducting the audit.

During the period covered by the financial statements, we or other member firms of Baker Tilly International Limited have not provided the Bank or its controlled undertakings with any other services, that are not disclosed in the management report or in the financial statements.

Explanation of the extent to which the statutory audit was considered capable of detecting irregularities, including fraud

The ability of our audit procedures to detect irregularities, including fraud, depends on the nature of fraud and the complexity of identifying material misstatements in the financial statements that may arise from fraud. These factors include the effectiveness of the Bank's internal control system, as well as the nature, timing, and extent of the audit procedures applied.

We design and perform audit procedures in accordance with our responsibilities, as set out in the section "Auditor's Responsibilities for the Audit of the Financial Statements". These procedures are aimed at responding to the assessed risks of material misstatement in the financial statements due to fraud and at identifying instances of non-compliance with legal and regulatory requirements that may have a material impact on the financial statements. However, the primary responsibility for preventing and detecting fraud, as well as for ensuring compliance with applicable legal and regulatory requirements, rests with the Bank's management and those charged with governance.

Consistency with the additional report to the audit committee or its equivalent

We confirm that our opinion is consistent with the additional report to the Supervisory board, which we issued on 18 April 2025.

Reporting pursuant to the "Requirements for Information Related to Audit or Review of Financial Statements of Participants of Capital Markets and Organized Commodity Markets, which are supervised by the National Securities and Stock Market Commission", approved by the Resolution of the National Securities and Stock Market Commission (NSSMC) No. 555 dated 22 July 2021

Limited Liability Partnership "Baker Tilly Ukraine" (USREOU code: No. 30373906, webpage: www.bakertilly.ua) has conducted the audit of the financial statements of Joint Stock Company "WEST FINANCE AND CREDIT BANK" (The "Bank") in accordance with Contract No. 93/24 dated 14 June 2024 for the period from 22 November 2024 to the date of this report.

Bank is a public-interest entity in accordance with the Law of Ukraine "On Accounting and Financial Statements in Ukraine" No. 996-XIV.

Bank is not a controlling party/member of a non-banking financial group in accordance with the Law of Ukraine "On Financial Services and Financial Companies" No. 1953-IX.

In our opinion, the information on the ownership structure and the ultimate controlling party of the Bank, as disclosed in note 1 to the financial statements, is consistent with the information contained in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Associations as of the audit date.

As at 31 December 2024, as stated in note 1 to the financial statements, the parent companies of the Bank are: ALTINBAS HOLDING ANONIM SIRKETI, Republic of Turkey and CREDITWEST FACTORING ANONIM SIRKETI, Republic of Turkey. Bank has no subsidiaries.

Prudential ratios, established by the NSSMC for relevant activity of professional participants in capital markets and organized commodity markets are not applicable to the Bank in accordance with "Regulation on Prudential Ratios for Professional Activities at Stock Markets and Risk Management Requirements" approved by the Resolution of the NSSMC No. 1597 dated 1 October 2015.

Results of the internal audit's inspection of the Bank's financial and economic activities for the year ended 31 December 2024 are presented in the Corporate Governance Report section of the Management Report for 2024 year.

Reporting on the Information in the Corporate Governance Report

Based solely on the work performed during our audit, we report the following:

- We have verified the accuracy of the information in the Corporate Governance Report required by subparagraphs 1-5 of paragraph 43 of the "Regulations on Disclosure of Information by Issuers of Securities, as well as by Persons Providing Collateral for Such Securities", approved by the Resolution of the NSSMC No. 608 dated 6 June 2023, corresponding to clauses 1-4 Part 3 of Article 127 of the Law of Ukraine "On Capital Markets and Organized Commodity Markets".
- In our opinion, the Corporate Governance Report contains the information required by subparagraphs 6-11 of paragraph 43 of the "Regulations on Disclosure of Information by Issuers of Securities, as well as by Persons Providing Collateral for Such Securities", approved by the Resolution of the NSSMC No. 608 dated 6 June 2023, corresponding to clauses 5-9 Part 3 of Article 127 of the Law of Ukraine "On Capital Markets and Organized Commodity Markets".

The engagement partner on the audit resulting in this independent auditor's report is Yulia Gumenyuk.

Yuliia Gumenyuk
Partner

Auditor's registration number in the Register of Auditors and Auditing Entities:
No. 100794

LLP "BAKER TILLY UKRAINE"

Audit firm's registration number in the Register of Auditors and Auditing Entities: No. 2091
USREOU code: No. 30373906
Address of registration: 3 Grekova Street, APT 9, Kyiv, 04112, Ukraine
Location: 28 Fizkultury Street, Kyiv, 03150, Ukraine

Kyiv, Ukraine
22 April 2025

JOINT-STOCK COMPANY WEST FINANCE AND CREDIT BANK
Statement of financial position as at 31 December 2024

(in thousands of Ukrainian hryvnias)

	Notes	2024	2023
Assets			
Cash and cash equivalents	6	337 642	235 095
Investments in securities	7	875 803	1 139 405
Due from banks	8	5 224	87 777
Loans and advances to customers	9	1 220 860	1 017 045
Derivative financial assets	23	237	339
Investment property	10	37 117	74 203
Deferred tax assets	22	3 095	3 086
Intangible assets exept goodwill	11	8 721	4 055
Fixed assets	11,13	17 701	14 452
Other assets	12	25 104	18 122
Total assets		**2 531 504**	**2 593 579**
Liabilities			
Due to banks	14	3	40 077
Customer accounts	15	1 643 265	1 668 021
Derivative financial liabilities	23	512	2 159
Other borroiwngs	17	381 359	391 799
Provisions for credit obligations and contracts	16	633	118
Providing rewards to employees	16	7 933	5 697
Other financial liabilities	13,16	15 912	18 931
Current tax liabilities		6 938	5 184
Total liabilities		**2 056 555**	**2 131 986**
Equity			
Share capital	18	364 410	364 410
Unregistered share capital		4 086	4 086
Retained earnings		56 919	44 146
Share premium		2 902	2 902
Reserve and other banks funds		46 632	46 049
Total equity		**474 949**	**461 593**
Total liabilities and equity		**2 531 504**	**2 593 579**

Signed and authorized for issuance

Mr. Igor Tykhonov — Chairman of the Board

Mr. Igor Kuzmenko — Chief Accountant

22 April 2025

The notes set out on pages 47 – 99 form an integral part of these financial statements.

(in thousands of Ukrainian hryvnias)

	Notes	2024	2023
Interest income	20	271 789	243 910
Interest expense	20	(141 574)	(135 147)
Net interest income		**130 215**	**108 763**
Fee and commission income	20	35 297	47 514
Fee and commission expense	20	(17 190)	(9 232)
Net fee and commission income		**18 107**	**38 282**
Net profit (loss) from foreign currency transactions		38 820	12 222
Net profit (loss) from foreign currency revaluation		15	1 589
Net profit (loss) from revaluation of investment property	10	(843)	(11 285)
Impairment gains and reversals of impairment losses (impairment losses) determined in accordance with IFRS 9	21	(4 638)	(14 930)
Other profits (losses)	20	3 058	1 194
Expenses for payments to employees		(95 250)	(75 126)
Depreciation expenses	20	(7 286)	(7 643)
Administrative and other operating expenses	20	(49 160)	(33 146)
Profit/(loss) before tax		**33 038**	**19 920**
Income tax expense	22	(19 725)	(9 110)
Net profit/(loss) for the year		**13 313**	**10 810**

(in thousands of Ukrainian hryvnias)

	Notes	2024	2023
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)			
Gains (losses) on financial assets at fair value through other comprehensive income, net of tax		43	(54)
Netother comprehensive income, net of tax		**43**	**(54)**
Total other comprehensive income for the year		**13 356**	**10 756**
Profit/(loss) for the period attributable to ordinary shareholders of the Bank		13 313	10 810
Average number of shares outstanding for the period		149 962 764	149 962 764
Net income/(loss) per share		**0,00009**	**0,00007**

Signed and authorized for issuance

Mr. Igor Tykhonov — Chairman of the Board

Mr. Igor Kuzmenko — Chief Accountant

22 April 2025

(in thousands of Ukrainian hryvnias)

	Notes	2024	2023
Operating activities			
Interest received		250 334	229 440
Interest paid		(139 737)	(132 012)
Fees and commissions received		35 217	47 633
Fees and commissions paid		(17 108)	(9 253)
Net receipts from dealing in foreign currencies		38 820	12 223
Other operating income/expenses		(1 914)	(219)
Administrative and other operating expenses		(142 251)	(108 374)
Income tax paid		(18 178)	(2 884)
Cash flows from operating activities before change in operating assets and liabilities		**5 183**	**36 554**
Changes in operating assets and liabilities			
Change in due from banks		82 178	(9 779)
Change in loans and advances		(194 916)	94 947
(Purchase) repayment of NBU certificates of deposit		274 000	(566 258)
Change in other assets		(7 708)	4 642
Change in due to banks		(40 028)	40 031
Change in due to customers		(25 128)	483 177
Change in other liabilities		(5 307)	(1 455)
Cash flows from / (used in) operating activities		**88 274**	**81 859**
Investing activities			
Purchase of property, equipment and intangible assets		(15 201)	(1 678)
Proceeds from sale of investment properties		41 215	4 601
Cash flows from / (used in) investing activities		**26 014**	**2 923**
Financing activities			
Proceeds from international and other financial institutions		-	-
Repayment of funds received from international financial institutions		(11 997)	(175 567)
Cash flows from / (used in) financing activities		**(11 997)**	**(175 567)**
Effect of exchange rate fluctuations on cash and cash equivalents		1 943	2 211
Impact of expected credit losses on cash and cash equivalents		(1 687)	(10 891)
Net increase / (decrease) in cash and cash equivalents		102 547	(99 465)
Cash and cash equivalents as at 1 January	**6**	**235 095**	**334 560**
Cash and cash equivalents as at 31 December	**6**	**337 642**	**235 095**

Signed and authorized for issuance

Mr. Igor Tykhonov — Chairman of the board

Mr. Igor Kuzmenko — Chief Accountant

УКРАЇНА М. КИЇВ АКЦІОНЕРНЕ ТОВАРИСТВО "ВЕСТ ФАЙНЕНС ЕНД КРЕДИТ БАНК" Ідентифікаційний код 34575675

22 April 2025

The notes set out on pages 47 – 99 form an integral part of these financial statements.

(in thousands of Ukrainian hryvnias)

	Share capital	Unregistered share capital	Share premium	Reserve and other funds of the bank	Retained earnings	Total
Balance at 1 January 2023	**364 410**	**4 086**	**2 902**	**46 103**	**33 336**	**450 837**
Profit for the year	-	-	-	-	10 810	**10 810**
Result from revaluation of financial assets	-	-	-	(54)	-	**(54)**
Total comprehensive income for the year	-	-	-	(54)	10 810	**10 756**
Balance as at 31 December 2023	**364 410**	**4 086**	**2 902**	**46 049**	**44 146**	**461 593**
Profit for the year	-	-	-	-	13 313	**13 313**
Result from revaluation of financial assets	-	-	-	43	-	**43**
Total comprehensive income for the year	-	-	-	43	13 313	**13 356**
Distribution of profits from previous years	-	-	-	540	(540)	**-**
Balance as at 31 December 2024	**364 410**	**4 086**	**2 902**	**46 632**	**56 919**	**474 949**

Signed and authorized for issuance

Mr. Igor Tykhonov — Chairman of the Board

Mr. Igor Kuzmenko — Chief Accountant

22 April 2025

М. КИЇВ * УКРАЇНА * АКЦІОНЕРНЕ ТОВАРИСТВО "ВЕСТ ФАЙНЕНС ЕНД КРЕДИТ БАНК" Ідентифікаційний код 34575675

The notes set out on pages 47 – 99 form an integral part of these financial statements.

1. Background

Organisation and operations

JOINNT STOCK COMPANY “WEST FINANCE AND CREDIT BANK” (the Bank) was established as the closed joint stock company according to Ukrainian legislation and registered by the National Bank of Ukraine (the NBU) on 4 October 2006. In January 2009, the Bank was reorganised into open joint-stock company. In January 2011, the Bank changed the form of joint stock company to a public joint stock company. In November 2018, the Bank changed the form of joint-stock company to a private one and changed its name to Joint Stock Company “WEST FINANCE AND CREDIT BANK”.

The principal activities of the Bank are lending, deposits taking, cash and settlement operations, operations with foreign exchange, as well as other services. The Bank’s activities are regulated by the National Bank of Ukraine.

The head office is located at A A1, 4, Leontovicha Str., Kyiv, Ukraine.

As at 31 December 2024, the Bank had 68 employees (31 December 2023: 64 employees).

On 05 April 2021 The Bank received a register of shareholders from PJSC National Depository of Ukraine, from which it became known about the change of shareholders who own voting shares. Joint Stock Company "CREDITWEST FACTORING", commercial register number 314444-0, directly acquired from Joint Stock Company "ALTINBAS HOLDING" on the basis of a share purchase and sale agreement 62,984,361 ordinary registered shares, with a par value of UAH 153 051 997,23, which is 42% in the authorized capital of WEST FINANCE AND CREDIT BANK Joint Stock Company.

The ultimate controlling parties of the Bank are ALTINBAS HOLDING ANONIM SIRKETI, which owns 58% of the Bank’s shares as of 31 December 2024 (31 December 2023: 58%), and CREDITWEST FACTORING ANONIM SIRKETI, which owns 42% of the Bank’s shares as of 31 December 2024 (31 December 2023: 42%), both of which are ultimately controlled by the Altinbas family.

As at 31 December 2024, the Bank’s share capital is fully paid in solely via cash contributions in the equivalent of UAH 364 410 thousand. During 2019, there were a reinvestment of the previous year's profits amounted to UAH 56 986 thousand and the part of the subordinated debt were contributed to the share capital in amount of UAH 65,000 thousand in 2018.

The latest issue was conducted in 2018 in the amount of:

- UAH 65,000,001.60 (securities sale-purchase contract #3 dated 6 November 2017 – for 36,111,112 shares, payment order #1 dated 22 December 2017).

The contributions to the share capital of the Bank were used for the activities envisaged by the Bank’s Charter.

There were no other financial statements prepared in accordance with the Laws of Ukraine except for annual financial statements and interim quarterly financial statements prepared in accordance with International Financial Reporting Standards.

2. Economic environment of the Bank

The bank operates in Ukraine. Since February 24, 2022, the country has been experiencing the ongoing large-scale impact of the full-scale war initiated by the Russian Federation. The security situation remains complex, as hostilities continue in the eastern and southern regions, alongside regular missile attacks on civilian and industrial infrastructure throughout Ukraine.

Martial law, introduced to counter Russian aggression, remains in effect as of the date of approval of this financial statement. While the Ukrainian economy has shown partial recovery compared to the sharp decline in 2022, high risks and uncertainty persist for businesses.

According to estimates by the National Bank of Ukraine (NBU), in 2024, Ukraine's real GDP grew by 3.4% due to the stabilization of the energy sector and government measures to stimulate economic activity. However, the recovery remains vulnerable to the ongoing hostilities and the levels of external financial assistance. By comparison, the Ministry of Economy of Ukraine reports that in 2023, Ukraine's economy grew by 5.3%, following a significant decline in 2022.

Starting from the fourth quarter of 2023, the National Bank of Ukraine (NBU) gradually eased foreign exchange restrictions and implemented a managed float regime, which impacted the official exchange rate of the hryvnia against the US dollar and the euro. According to NBU data, the official exchange rate of the hryvnia against the US dollar at the beginning of 2024 was 38.00 UAH/USD, and by the end of the year, it had reached 42.04 UAH/USD. The exchange rate against the euro increased from 41.996 UAH/EUR to 43.9266 UAH/EUR as of December 31. Despite the wartime risks and fluctuations in the interbank market, the NBU's foreign exchange policy allowed for the maintenance of a relatively controlled range of hryvnia fluctuations throughout 2024.

In 2024, the NBU's discount rate fluctuated between 13% and 15%, taking into account macroeconomic factors and monetary objectives aimed at supporting economic recovery and curbing inflation.

According to credit rating agencies, in the second half of 2024, Fitch Ratings either confirmed or changed Ukraine's long-term rating (in foreign/domestic currency) to "C"/"RD"/"CCC" (depending on periods and characteristics of debt obligations), indicating high credit risks. Standard & Poor's assessed Ukraine's long-term rating in foreign currency as predominantly "CC"/"SD", and in national currency as "CCC+" in 2024, reflecting instability and prolonged military actions.

The ongoing hostilities and related restrictions continue to significantly impact the Bank's operations:

- Labor challenges, including the departure of specialists abroad, mobilization, and staff evacuation.
- Changes in supply contract terms, potential penalties, contract terminations, and adjustments to production schedules.
- Changes in sectoral legislation and tax regulations related to the martial law (including tax benefits, deferrals, new reporting requirements).
- Infrastructure threats, particularly disruptions in electricity, water, and heating supplies due to attacks on energy infrastructure.

The Bank's management continues to take steps to address these challenges, including:

- Cost optimization, including the implementation of energy-saving technologies and the reduction of non-core activities.
- Ensuring business continuity, developing backup IT solutions, and emergency response plans.

Although the Bank continues its operational activities, there are circumstances beyond the control of the management:

- The duration and intensity of the war, the situation at the front, and possible changes in Russia's military tactics.
- The scale of international support for Ukraine, the volume of financial aid, military, and humanitarian assistance.
- Decisions by the government and the central bank regarding monetary and fiscal policies, which impact inflation and the currency market.
- Restructuring of state debt, cooperation terms with international financial organizations, and the impact on the country's solvency and overall macroeconomic stability.

Further details on assumptions related to the continuity of operations are provided in Note 3, under the section "Going Concern."

3. Basis of preparation

General information

These financial statements are prepared in accordance with International Financial Reporting Standards (hereinafter 'IFRSs'), requirements of the National Bank of Ukraine on financial reporting by Ukrainian banks, Ukrainian legislation, and the effective regulations on submission of annual reports by issuers.

During the year ended 31 December 2024, and in process of financial reporting setting, the Bank has consistently applied the accounting policies as set out below. These financial statements are prepared on the historical cost basis, with the exception of the fair value measurement of certain financial instruments and investment properties, which are measured at fair value, unless otherwise stated.

Going concern

These annual financial statements are prepared on a going concern basis. In preparing the financial statements for 2024, management has made an assessment of the Bank's ability to continue as a going concern in the future, taking into account the martial law and military actions in Ukraine, which have had and continue to have significant negative consequences for the Ukrainian economy as a whole and for the Bank's customers.

On February 24, 2022, the Russian Federation launched a full-scale military invasion of Ukraine, which led to the introduction of martial law throughout Ukraine by Presidential Decree No. 64/2022. During 2022-2024, martial law in Ukraine was extended every 90 days. By the Decree of the President of Ukraine No. 235/2025 dated April 15, 2025, martial law was extended for a period of 90 days starting from May 9, 2025. As at the date of authorization of these financial statements, active military operations continue on the territory of Ukraine. The Armed Forces of Ukraine are engaged in heroic resistance, however, some territories of Ukraine are temporarily occupied by the invaders. At the same time, the Russian military has been firing rockets across Ukraine, destroying civilian infrastructure across Ukraine, including hospitals and residential complexes, logistics infrastructure, oil storage and refineries, and other industrial facilities.

In the conditions of a full-scale military invasion, the main goals of the Bank are to ensure the continuous implementation of critical functions and activities in the main areas, as well as the safety of employees and their family members. The Bank's business and operational processes have been adapted taking into account the military operations, which ensures the Bank's ability to carry out all key banking operations. During the war, CREDITWEST BANK did not stop work for a single day. The bank actively cooperates with Ukrainian and foreign businesses, helping enterprises at all stages, creating investment products, lending platforms and much more.

The Bank's staff is fully available and ensures the management of the organization and execution of all critical processes of the Bank in the normal mode of operation. Some employees of the Bank have been transferred to safe regions and continue to work remotely there. The work of the Bank's management bodies is adapted to the challenges of wartime - the Supervisory Board, the Management Board and all committees function and make decisions with sufficient regularity to immediately respond to all the challenges of the current situation. Signing of EDS meeting protocols is ensured, including through the "Vchasno.KEP" electronic documents service.

As of the date of approval of this financial statements, the Bank's critical infrastructure was not affected. The main and reserve equipment of the Bank, aimed at ensuring operations and providing the necessary services to the institution's clients, is located in Kyiv and continues to work without interruption, communication channels work without disruptions. The bank ensures permanent backup of data of critical information systems in Microsoft Azure cloud storage, which will make it possible to quickly restore data from backup copies if necessary.

To ensure continuous payments using B2, the NBU's SEP and SWIFT, backup sites have been created for working in the specified systems in the Microsoft Azure cloud storage and deploying the Bank's systems in the cloud environment (B2, NBU systems, the bank's client with RBI).

The Bank has no assets in the territories temporarily controlled by the occupying forces, and other assets of the Bank were not damaged as a result of military operations.

As a result of the military invasion, the Bank implemented stricter risk management measures and continuously adjusts these measures based on the current circumstances, specifically:

- Revised the Risk Management Strategy and Policy;
- Revised risk appetite and limits;
- Focused on liquidity management;
- Invested free funds in NBU certificates of deposit, domestic government bonds, foreign debt securities, and NBU correspondent accounts to avoid liquidity risks and at the same time ensure risk-free interest income;
- Conducted restrained lending to the corporate segment with strict credit risk control;
- Reviewed macroeconomic forecasts and incorporated them into IFRS models when calculating expected credit losses;
- Revised and canceled tariffs for some banking products/services;
- Expanded the possibilities of banking products through an on-line application, which became crucial after the introduction of martial law;
- Actively worked on reducing operational and administrative costs.

The management's estimates and forecasts were based on the actual results of the Bank's activities for the period from the beginning of the military aggression; measures taken by the President, the Government, the regulator and the Bank's Management; attraction of large-scale international support:

- Gradual restoration of the number of active clients of legal entities due to the partial return of business activity to the pre-war level, business migration to safe regions.
- Term deposits of individuals and legal entities will be continued taking into account the tendency of prolongation of deposits, taking into account data already after the start of the war.
- Taking into account the current dynamics, as well as the planned introduction of remote servicing of individuals in 2025 with the possibility of opening customer accounts without physical presence in a branch, which will immediately have a significant impact on the volume of retail deposits, the Bank has planned to increase the share of term deposits of individuals in the structure of the deposit portfolio in 2025.
- Loans and debts of clients will be extended on the condition of proper servicing of accrued interest payments, taking into account current trends.
- The Bank is updating its product line and providing loan products demanded by the market, as well as expanding lending to existing customers (active work with MSME clients on lending is planned), so the Bank plans to increase its loan portfolio in 2025.
- The Black Sea Trade and Development Bank (BSTDB) Loan Program to support Ukrainian SMEs (balance at the beginning of 2025 - USD 2.5 million) is scheduled for repayment in 2025 according to the plan, with simultaneous further disbursement of new financing under this program in the amount of USD 2.5 million. Negotiations on new financing will begin in the 2nd quarter of 2025. Given the long history of cooperation (the standard annual procedure for receiving funds under this program is already in place), the management has reasonable assumptions that the loan will be extended for another year,

and accordingly, when preparing the budget for 2025, the Bank did not include cash outflows on borrowed funds from the Black Sea Trade and Development Bank.

- Other borrowed funds maturing in 2025 from the Ministry of Finance of Ukraine (final maturity 31.12.2032) in the amount of UAH 19,204 thousand are budgeted by the Bank in 2025 to be repaid according to the schedule, no prolongation is planned.
- Credit risks are increasing in the forecast period, which requires additional provisions for existing assets and stricter credit policy requirements, as well as affects the fair value of financial assets. Accordingly, when making forecasts for 2025, due to the uncertainties associated with the ongoing war, the Bank assumes a deterioration in the quality of the loan portfolio and gradual release of new loans to NPL during 2025.
- In accordance with the planned performance indicators for 2025, the Bank complies with the NBU's regulatory requirements throughout the forecast period.

Since the estimates were based on events that are not similar in scope and impact on the activities of the Bank and the country as a whole in the past, the actual results in the future may differ from the estimates made by the Bank.

Capital

In 2024, the banking system of Ukraine adopted a new three-tier capital structure in accordance with EU requirements. Additionally, the National Bank of Ukraine, continuing the implementation of European Union legislation and in accordance with the provisions of the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine Regarding the Improvement of Corporate Governance in Banks and Other Issues of the Banking System" (No. 1587-IX of June 30, 2021), updated the minimum requirements for capital adequacy ratios for banks under the new (three-tier) structure.

As of the end of the day on December 31, 2024, the regulatory capital adequacy ratio (NRC) stood at 27.12%, the Tier 1 capital adequacy ratio (N1) was 27.12%, and the core Tier 1 capital adequacy ratio (NOC1) was 27.12%, compared to the regulatory minimum requirements of NRC - 8.5%, N1 - 7.5%, and NOC1 - 5.625%, respectively.

The values of the regulatory capital adequacy ratio (NRC) and Tier 1 capital adequacy ratio (N1) significantly exceed the minimum thresholds set by the regulator and did not require any additional measures.

Quality of loan portfolio

The consequences of the war - the destruction of assets and collateral, loss of income and deterioration of the solvency of borrowers reduce their ability to service loans, worsen the quality of the Bank's loan portfolios and lead to an increase in deductions to reserves. However, the Bank has only a few such borrowers.

The collateral in the temporarily occupied territory for one of the loans is not controlled; however, due to the Bank's conservative policy regarding collateral coverage for loans, this has not led to an increase in provisions. When calculating ECL, this collateral is not taken into account, but additional security fully covers the debt amount for the asset, indicating that the Bank applies the principle of prudence when entering into loan agreements to cover both expected and unexpected credit losses. At the same time, as of December 31, 2024, the level of provisions does not exceed 0.97% of the loan portfolio (as of December 31, 2023 - 0.91%), indicating a consistently high quality of the loan portfolio.

The Bank conducts flexible restructuring for borrowers with business recovery prospects, and also properly assesses the value of collateral property, recognizing in a timely manner the loss of access to the property, its damage or destruction.

Liquidity

As a result of military aggression and hostilities, which continue, there is an increase in the level of liquidity risk due to a sharp outflow of clients' funds, failure to receive income from assets and, accordingly, the inability to repay one's obligations on time.

At the same time, the Bank has adapted to the martial law environment, in particular due to the support of the NBU, namely, to facilitate banks' access to liquidity, on February 24, 2022, the NBU introduced blank refinancing loans. The Bank used the NBU refinancing for a short time.

As of December 31, 2024, the Bank had a high level of liquidity, as evidenced by the following liquidity standards:

- the actual arithmetic average value of the liquidity coverage ratio for all currencies LCRBB = 296.65%, liquidity coverage ratio in foreign currency LCRIB = 622.21%, Net stable funding ratio NSFR = 162.47%;
- in comparison with last year's indicators: LCRBB = 381.06%, LCRIB = 745.33%, NSFR = 202.32%.

The assumptions underlying management's estimates of going concern do not take into account external factors that may change in the future, such as changes in the capital market conditions in Ukraine and globally, other and/or macroeconomic impacts not accounted for in the Bank's estimates, geopolitical changes, significant changes in legislation, including banking legislation, changes in reporting and accounting standards, changes in tax legislation, as well as other changes that may occur in the future and over which the Bank has no control.

As at the date of authorization of these financial statements, the Bank's positive assessment of its ability to continue as a going concern is largely dependent on the willingness of its creditors, in particular the Black Sea Trade and Development Bank, to continue providing funding to the Bank under the current loan programs. Negotiations regarding new financing will begin in the second quarter of 2025, and the Bank's management, considering the long history of cooperation with the creditor, has reasonable assumptions that new financing will be obtained or the current financing will be extended.

However, there is material uncertainty related to the currently unpredictable impact of the ongoing hostilities in Ukraine on the assumptions underlying management's estimates, that may cast significant doubt on the Bank's ability to continue as a going concern and therefore, the Bank may not be able to realize its assets and repay its liabilities in the ordinary course of business.

However, the Bank's management believes that notwithstanding such material uncertainties, taking into account the planned measures to strengthen the Bank's financial stability, the Bank's forecasts and estimates regarding compliance with regulatory requirements, results of operations and the amount of asset impairment provisions provide a reasonable basis to prepare these financial statements on a going concern basis. The Bank's management will review the Bank's going concern once the martial law in Ukraine is lifted.

Functional and presentation currency

Transactions are accounted for in the transaction currency. Items of assets and liabilities, income and expenses arising from dealing in foreign currencies are recognized in the financial statements in UAH equivalent at the official NBU foreign exchange rates ruling at the transaction dates. The financial statements are presented in thousands of Ukrainian hryvnias, unless otherwise indicated.

4. Critical accounting estimates and judgements in applying accounting policies

The Bank makes estimates and assumptions that affect the presentation of the amount of assets and liabilities in the financial statements, as well as the present value of assets and liabilities for the following fiscal year. Assessments and professional judgments are continually analyzed on the basis of management experience and other factors, including expectations for future events that, in the opinion of management, are justified in the light of current circumstances. In the process of applying accounting policies, the management of the Bank also uses professional judgments. Professional judgments that have the most significant impact on the amounts are reflected in the financial statements, and estimates that may result in significant adjustments to the present value of assets and liabilities during the next fiscal year include the following:

• classification of financial assets: assessment of the business model within which the financial assets are held and assessment of whether the contractual terms of the financial asset provide for the payment of principal only and interest on the outstanding balance of principal.

• expected credit losses (impairment) of financial instruments: assessment of whether there has been a significant increase in credit risk for the asset since its initial recognition, and inclusion of forecast information in the assessment of expected credit losses.

The Bank recognizes 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;
• receivables;
• issued financial guarantee contracts;
• issued loan commitments.

The bank recognizes reserves for expected credit losses in an amount equal to expected credit losses for the entire term, except for the following instruments, for which the amount of the reserve will be equal to 12-month expected credit losses:

• debt investment securities with low credit risk as of the reporting date;

• other financial instruments for which the credit risk has not increased significantly since their initial recognition.

5. Material accounting policy information

Foreign currency exchange

The Bank’s functional currency is Ukrainian hryvnia, as the currency of the Bank’s core business environment. Transactions denominated in other currencies are considered foreign currency transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the NBU exchange rate ruling at that date. Foreign currency differences arising on the exchange are recognized in profit or loss as gain/loss from foreign currency translation. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The UAH exchange rates used in the preparation of these financial statements are as follows:

Currency	31 December 2024	31 December 2023
USD	42,0390	37,9824
EUR	43,9266	42,2079

Exchange rates applied to the conversion of assets and liabilities denominated in foreign currencies. The U krainian hryvnia is not a convertible currency outside Ukraine. Accordingly, any conversion of UAH amounts to USD should not be construed as a representation that UAH amounts have been, could be, or will be in the future, convertible into USD at the exchange rate shown, or at any other exchange rate.

In preparation of these financial statements, management applied the NBU official rate for the retranslation of the operations and balances in foreign currencies. The NBU official exchange rates are derived from officially published source. Management believes that application of these rates substantially serves comparability purposes.

Financial Instruments

(i) Classification

Upon initial recognition, the Bank classifies financial instruments and determines their model for further measurement. The Bank classifies financial assets based on the business model in which assets are managed and their cash flow characteristics under the host contract.

Financial assets are classified into the following categories:

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

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

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

Financial instruments at fair value through profit or loss are financial assets or liabilities that are:

- acquired or incurred principally for the purpose of selling or repurchasing in the near term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- derivative financial instruments (except for derivative financial instruments that are designated and effective hedging instruments);
- upon initial recognition, designated as at fair value through profit or loss.

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI, i.e. designate such instruments as at FVOCI. This election is made on an instrument-by-instrument basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

(ii) Recognition

A financial instrument represents any contract causing origination (increase) of a financial asset for one counterparty and financial liability or equity instrument for the other counterparty.

The Bank recognizes financial assets and liabilities in accounting records, when the Bank becomes a party to the contractual provisions of the instrument. On initial recognition, a financial asset is classified as measured at either amortized cost, fair value through other comprehensive income or fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition, except as in the period after the Bank changes its business model for managing financial assets. The Bank may reclassify financial assets only if it changes its business model for managing those financial assets. Such changes are expected to be very infrequent. Such changes are determined by the Bank's senior management as a result of external or internal changes and must be significant to the Bank's operations and demonstrable to external parties. Accordingly, a change in the Bank's business model will occur only when the Bank either begins or ceases to perform an activity that is significant to its operations; for example, when the Bank has acquired, disposed of or terminated a business line.

Financial liabilities are not reclassified subsequent to their initial recognition.

Financial assets and liabilities are recognized in the statement of financial position when the Bank becomes a party to the contractual provisions of the instrument. All regular way purchases of financial assets are accounted for at the settlement date.

Modified financial assets

The terms of the loan provided by the agreement can be modified for a number of reasons, including changes in market conditions, customer retention and other factors that are not related to the current or potential deterioration of the client's creditworthiness. Recognition of an existing loan, the terms of which have been modified, may be discontinued and recognition of a new loan with modified terms at fair value is recognized in accordance with the accounting policies described in Note 5 (b) (iv).

If the conditions of a financial asset are modified and the modification does not lead to a cessation of recognition, determining whether there has been a significant increase in credit risk on an asset is made by comparison:

• Likelihood of default for the remaining balance as of the reporting date based on modified contractual terms; and

• probability of default for the remaining term as of the date of initial recognition on the basis of the original terms of the contract.

When a modification leads to a cessation of recognition, a new loan related to Stage 1 (based on the assumption that it is not a loan-depleted one) is recognized.

(iii) Business model assessment

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

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

Major types of business models in which a financial asset is managed are as follows:

- a business model whose objective is to hold assets to collect contractual cash flows;
- a business model whose objective is achieved by collecting contractual cash flows and selling financial assets;
- other business models, including: trading, management on a fair value basis, and maximization of cash flows through sales.

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

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

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

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

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

All financial assets not classified as measured at amortized cost or at FVOCI as described above are measured at FVTPL.

The Bank's financial liabilities include credit related commitments, guarantees, letters of credit, bills of acceptance and avals issued to banks, and assets receivable. The Bank classifies and measures financial liabilities:

- at amortized cost;
- at fair value through profit or loss.

Bank assesses the business model in which its financial assets are managed on a regular basis for the purposes of generating cash flows. As at the date of business model assessment, the Bank considers all objective evidence/factors observable at that date.

Transaction costs that are directly attributable to the recognition of a financial instrument, including commissions paid to agents, advisors, brokers, dealers, duties to regulators, stock exchanges, etc., are added to the amount of the discount (premium) for underlying financial instrument. The Bank amortizes the amount of the discount/premium during the period of life of a financial instrument (excluding financial instruments at fair value through profit or loss) using the effective interest method on at least monthly basis. The amount of the discount/premium must be fully amortized by the financial instrument maturity date.

All financial liabilities, other than those designated at fair value through profit or loss and financial liabilities that arise when a transfer of a financial asset carried at fair value does not qualify for de-recognition, are measured at amortized cost.

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortized based on the effective interest rate of the instrument.

Financial assets or liabilities originated at interest rates different from market rates are re-measured at origination to their fair value, being future interest payments and principal repayment(s) discounted at market interest rates for similar instruments. The difference between the fair value and the nominal value at origination is credited or charged to profit or loss or to equity (if financial assets or financial liabilities resulted from transactions with shareholders acting as shareholders) as gains or losses on origination of financial instruments at rates different from market rates. Subsequently, the carrying amount of such assets or liabilities is adjusted for amortization of the gains/losses on origination and the related income/expense is recorded in profit or loss using the effective interest method.

(iv) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects the effect of its non-performance risk.

When available, the Bank measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e., the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported by suitable observable market data or the transaction is closed out.

An estimates of whether the contractual cash flows are exclusively due to the payment of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of a financial asset at its initial recognition. "Interest" is defined as consideration for the value of money in time, for a credit risk for a principal outstanding for a certain period of time, and for other basic risks and costs associated with lending (for example, liquidity risk and administrative costs); as well as profit margins.

In assessing whether the contractual cash flows are exclusively due to principal and interest on an outstanding portion of the principal ("SPPI" criterion), the Bank analyzes the contractual terms of a financial instrument, namely whether a financial asset contains a contractual clause that may change the timing or amount of cash flows provided for by the agreement so that the financial asset will not meet the requirement. In conducting the assessment, the Bank analyzes:

• Contingencies that may change the timing or amount of cash flows;

• conditions that have leverage effect on cash flows;

• conditions for early repayment and prolongation of validity;

• conditions that limit the Bank's cash flows from contingent assets - for example, non-recourse financial assets;

• Conditions that cause changes in the reimbursement of the temporary value of money - for example, periodic revision of interest rates.

The prepayment condition meets the SPPI criterion in the event that the amount paid at prepayment is essentially an outstanding portion of the principal and interest on the outstanding portion and may include reasonable additional compensation for early termination of the contract.

In addition, the prepayment clause is considered to be in compliance with this criterion in the event that a financial asset is acquired or created with a premium or a discount on the nominal amount specified in the contract; the amount payable at early repayment is, in essence, the nominal amount specified in the contract plus the accrued (but not paid) interest stipulated by the contract (and may also include reasonable additional compensation for early termination of the contract); and when the initial recognition of a financial asset is a fair value, its terms of early repayment are insignificant.

Reclassification of financial assets is carried out prospectively only in case of changing the business model within which they are held.

Financial liabilities and equity instruments, as well as financial assets that were classified at the Bank’s discretion as fair value with the result recognition through profit or loss, are not subject to reclassification.

Initial recognition of financial instruments

Financial instruments initially recognized at fair value through profit or loss are carried at fair value. The costs of acquiring such financial instruments are recorded on expense accounts at the date they are incurred.

All other financial instruments at initial recognition are measured at fair value plus transaction costs added / deducted. The transaction costs and other payments directly related to the recognition of a financial instrument are shown on the discount account (premium) for this financial instrument.

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

The transaction costs and commission income, which are an integral part of the financial instrument's return (excluding financial instruments at fair value through profit or loss) are recognized in the initial value of the financial instrument and are accounted for when calculating the effective interest rates on such a financial instrument.

Termination of recognition of financial instruments

Financial assets

Termination of recognition of financial assets occurs if:

• the validity period of the rights to cash flows determined by the terms of a financial asset agreement expires;

• the transfer of a financial asset meets the criteria for termination;

• write-off of a financial asset at the expense of the reserve.

The transfer of a financial asset occurs if one of the following conditions is met:

• transferred the rights to receive cash flows from a financial asset, which are stipulated by the agreement;

• the rights to receive cash flows from a financial asset that are stipulated by the transfer agreement are retained, but there is an obligation to pay cash flows to one or more recipients under an agreement that meets the following conditions:

- there is no obligation to pay amounts to final buyers until the date of receipt of equivalent amounts from the original asset;

- the terms of the agreement prohibit the Bank from selling or pledging an original financial asset, except for its transfer to the final beneficiaries as a provision for the obligation to pay cash flows;

- there is an obligation to transfer any cash flows received on behalf of the final recipients without significant delay. Interest on such investments is passed on to final recipients.

When transferring a financial asset, the limits are estimated, in which all risks and rewards of ownership of an asset are kept, taking into account the following:

• if, basically, all risks and rewards of ownership of the financial asset are transferred, then the recognition of the financial asset is discontinued and the rights and obligations created or retained during the transfer, separately as an asset or liability, are recognized;

• if, basically, all risks and rewards of ownership of the financial asset are preserved, then the recognition of the financial asset continues;

• if, basically, all risks and rewards of ownership of the financial asset are not preserved or transferred, then it is determined whether the control over the financial asset is retained.

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

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

When a financial asset is derecognised, the difference between the carrying amount of the asset (or the carrying amount attributed to the part of the asset that was derecognised) and the amount (i) of the consideration received (including all new assets received, minus all new liabilities accepted), and (ii) any accumulated gain or loss that has been recognized in other comprehensive income is recognized in profit or loss.

In operations in which the Bank does not retain and does not transfer virtually all risks and rewards of ownership of a financial asset and retains control over an asset, the Bank continues to recognize the asset.

(v) Loss allowance for expected credit losses

The Bank recognizes loss allowance for expected credit losses (ECL) on the following financial instruments that are not measured at fair value through profit or loss:

- financial assets measured at amortized cost;
- financial assets at fair value through other comprehensive income;
- outstanding credit related commitments and financial guarantees;
- financial receivables.

No allowance is recognized for equity instruments. Loss allowance should be recognized at an amount equal to either 12-month ECLs or lifetime ECLs. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognized are referred to as ‘Stage 1’ financial instruments.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument.

The impairment requirements of IFRS 9 are complex and require management judgements, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

- assessing whether the credit risk of an instrument has increased significantly since initial recognition; and
- incorporating forward-looking information into measurement of ECLs.

(vi) Measurement of ECLs

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive;
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- financial guarantee contracts: the present value of the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

(vii) Credit risk grades

The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The Bank uses these grades in identifying significant increases in credit risk under IFRS 9. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. These factors may vary depending on the nature of the exposure and the type of borrower.

Credit risk stages are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates – e.g. the difference in the risk of default between credit risk stages 1 and 2 is smaller than the difference between credit risk stages 2 and 3.

Each exposure is allocated to a credit risk stage on initial recognition based on available information about the borrower. Exposures will be subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk stage.

For financial assets that have become credit-impaired (recognized as at Stage 3) subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Significant increase in credit risk

When determining whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Bank's historical experience, expert credit assessment and forward-looking information.

The Bank primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing the remaining lifetime probability of default (PD) as at the reporting date with the remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure.

Assessing whether credit risk has increased significantly since initial recognition of a financial instrument requires identifying the date of initial recognition of the instrument. For certain revolving facilities (e.g. credit cards and overdrafts), the date when the facility was first entered into could be a long time ago. Modifying the contractual terms of a financial instrument may also affect this assessment, which is discussed below.

Determining whether credit risk has increased significantly

The Bank is in the process of developing a framework that incorporates both quantitative and qualitative information to determine whether the credit risk on a particular financial instrument has increased significantly since initial recognition. The framework aligns with the Bank's internal credit risk management process. The criteria for determining whether credit risk has increased significantly vary by portfolio and include a backstop based on delinquency.

In certain instances, using its expert credit judgment and, where possible, relevant historical experience, the Bank may determine that an exposure has undergone a significant increase in credit risk if particular qualitative factors indicate so and those indicators may not be fully captured by its quantitative analysis on a timely basis. As a backstop, and as required by IFRS 9, the Bank presumptively considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. The Bank will determine days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

Bad debt is recognized and written off against the provision at the decision of the Management Board. Once the bad debt is written off against the provision, it is carried on the off-balance sheet accounts during the period specified by Ukrainian law

In particular, the Bank determines the allowances appropriate for each individually significant loan on an individual basis. Items considered when determining the allowance amount include the sustainability of the counterparty’s business plan, its ability to improve performance once a financial difficulty has arisen, projected revenues, feasibility of other financial support, the realizable value of collateral, and the timing of the expected cash flows.

Definition of default

A financial asset is considered to be defaulted by the Bank in the following cases:

- it is unlikely that the borrower's credit obligations to the Bank will be repaid in full without collateral forclosure;
- the borrower's debt on any credit obligation to the Bank, such as overdue interest payments and / or principal and / or other payments under the agreement, is overdue for more than 90 days (for balances in other banks default event occurs if the financial asset is overdue for 30 days);
- change in lending conditions related to debt restructuring, while the impairment test has not been passed (possible impairment);
- the beginning of the process of termination / bankruptcy / reorganization / liquidation / termination of the borrower;
- initiation by the Bank of a lawsuit to recover the debt and / or open a criminal case against the party to the agreement / its head / owner;
- the disappearance of an active market for a financial asset or financial liability due to financial difficulties;
- one of the debtor's assets was written off the debt at the expense of the formed provision;
- one of the debtor's assets was sold at a loss of 20 percent or more of the debt;
- purchase or creation of a financial asset or financial liability at a large discount that reflects incurred credit losses;
- for legal entities - class 10, for individuals - class 5;
- death of a client - an individual, an individual entrepreneur.

(viii) Gains and losses on subsequent measurement

The main inputs for the estimation of expected credit losses is the time structure of these variables:

- Default probability (PD);
- loss given default (LGD);
- The exposure in the event of default (EAD).

ECL for positions exposed to credit risk at Stage 1 are calculated by multiplying the PD by 12 months for LGD and EAD. ECL for the entire life of a financial instrument is calculated by multiplying PD for the entire duration of the financial instrument on LGD and EAD.

The Bank evaluates LGDs based on information on returns on claims against defaulted counterparties. LGDs provide for the structure, provision, seniority requirements, counterparty industry, and reimbursement of any collateral that is included in the financial asset. For loans secured by real estate individuals, the ratio between the loan amount and the value of the collateral (LTV) will be the main parameter for determining the magnitude of the loss in the event of default. Estimates of the magnitude of the loss in the event of default are calibrated taking into account different economic scenarios, and for lending real estate transactions - taking into account the possible changes in real estate prices. They are calculated on the basis of discounting cash flows using an effective interest rate as a discount factor.

The risk-of-default amount (EAD) is the expected value of a position exposed to credit risk at the date of default. This indicator is calculated by the Bank on the basis of the current value of the exposed position and its possible changes in the contract, including depreciation. For an financial asset, the value of EAD will be its gross carrying value at the time of default. For loan commitments, the EAD is the future amount that can be obtained under a contract, measured on the basis of historical observations and forecast information.

As described above, subject to the maximum probability of a 12-month default probability for financial assets in Stage 1, the Bank estimates expected credit losses, taking into account the risk of default within the maximum contractual period (including any borrower's options for prolongation) during which it is exposed for credit risk, even if for the purposes of risk management, the Bank considers a longer period. The maximum period under the agreement extends until the date when the Bank has the right to demand repayment of the granted loan or has the right to cancel the loan or guarantee obligation.

Property, equipment and intangible assets

Property, equipment and intangible assets are carried at cost less accumulated depreciation and amortization and impairment losses. Depreciation and amortization is computed by the straight-line method over the estimated useful lives of the assets. Depreciation commences from the date when property and equipment are ready to use. The estimated useful lives are as follows:

Plant and equipment	5 years;
Motor vehicles	5 years;
Intangible assets	3 years

Expenditures for leasehold improvements are recognized as assets and expensed on a straight-line basis over the shorter of two periods: their economic life or the term of the applicable lease.

Investment property

Investment property is property held either to earn rental income or for capital appreciation, or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is initially recognized at cost, including transaction costs, and subsequently remeasured at fair value updated to reflect market conditions at the end of the reporting period. The fair value of the Bank's investment property is determined based on reports of the internal appraiser with relevant professional qualification and experience in valuation of property of similar location and category.

Property transferred to the ownership of the bank as a pledge holder

The property transferred to the Bank as a pledgee are non-financial assets received by the Bank in settlement of overdue loans. These assets upon initial recognition are recognized at the lower of two values: the fair value of the property or the book value of the corresponding loans. In the future, the Bank values such assets at the lower of two values: book value and net realizable value. The Bank's policy is to dispose of assets in the ordinary course of business. In general, the Bank does not use property transferred to the Bank as a pledgee in commercial activities.

Investments in securities

The Bank determines the category of securities assessment in accordance with the business model and SPPI criteria:

1) Investment securities are accounted for at amortized cost (AC) if both of the following conditions are met:

(a) the asset corresponds to a business model whose purpose is to hold the asset to collect contractual cash flows;

(b) the contractual terms of the financial asset provide, on certain dates, for the receipt of cash flows that are only principal repayments and interest payments on the outstanding principal amount.

2) Investment securities are accounted for at fair value through other comprehensive income (OCI) if:

(a) the asset corresponds to a business model whose purpose is to hold assets to collect contractual cash flows and sell financial assets;

(b) the contractual terms of the financial asset provide, on certain dates, for the receipt of cash flows that are only principal repayments and interest payments on the outstanding principal amount.

After initial recognition, such securities are measured at fair value with the revaluation result included in other comprehensive income, except for impairment losses, gains or losses on foreign currency transactions and interest income accrued using the effective interest method, which are recognized directly in profit or loss statement. On sale, the gain/loss previously recognized in other comprehensive income is reclassified to profit or loss.

3) Investment securities are accounted for at fair value through profit or loss ("FVTPL"), unless they are measured at amortized cost or at fair value with the result of revaluation reflected in other comprehensive income. The embedded option is accounted for with the main instrument. At each reporting date, investment securities are remeasured to fair value through profit or loss, with an embedded fair value option.

Share capital and issue income

Ordinary shares are shown in the composition of capital. Expenses directly related to the issue of new shares are shown in equity as a reduction of net income. The excess of the fair value of the amounts contributed to the capital over the nominal value of the issued shares is accounted for in the composition of the capital as issue income.

Lease

IFRS 16 introduces a single lessee accounting model for leases, which requires them to be recognized on the lessee's balance sheet. Under this model, a lessee must recognize a right-of-use asset, which represents the right to use the underlying asset, and a lease liability, which represents the obligation to make lease payments. There are optional exemptions from the standard's requirements for short-term leases and leases of low-value, non-expendable items. Lessors continue to classify leases as either finance leases or operating leases.

As a lessee, at the date of initial application of IFRS 16, the Bank could have applied the standard using:

- retrospective approach; or
- a modified retrospective approach with the optional exemption from the requirements of a standard of a practical nature.

The lessee applies the chosen option consistently to all lease agreements in which he acts as a tenant.

The Bank has applied IFRS IFRS 16 as of January 1, 2019, using a modified retrospective approach using the option to recognize an asset for use in an amount equal to a lease, adjusted for the amount of any advance paid or leased charges related with this lease, recognized in the statement of financial position just before the date of the first application. This approach allows the presentation of financial statements without the transfer of comparative information for the previous period.

The Bank is not obliged to make any adjustments under the lease agreements in which the Bank acts as a lessor, except for cases when the Bank is an intermediate lessor under a sublease agreement.

The Bank has completed the initial assessment of the possible impact of the application of IFRS 16 on its financial statements, as well as completed a detailed assessment. The actual impact of the application of IFRS 16 on the financial statements in the first application period depended on future economic conditions, the composition of the lease contract portfolio, the Bank's assessment of whether it intends to exercise its rights to extend the lease, and which of the available simplifications in the standard of a practical nature and the Bank decides to apply exemptions.

The Bank will recognize new assets and liabilities under operating leases of office premises. In addition, the nature of the costs recognized in respect of these leases will change as, in accordance with IFRS 16, instead of operating lease expenses recognized on a straight-line basis over the term of the relevant contract, the Bank will have to reflect depreciation costs in the form of the right of use and interest expense relating to lease liabilities.

Previously, the Bank recognized the operating lease costs on a straight-line basis over the entire lease term and recognized assets and liabilities only to the extent that there was a difference between the actual payouts for the lease and the recognized expense.

Recognition of income and expense

Interest and similar income and income expense and similar charges are recognized in profit or loss on an accrual basis, taking into account the effective yield/rate of the asset/liability or an applicable floating rate. Interest and similar income and income expense and similar expense include the amortization of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Commission income and expense is recognized on an accrual basis. Other fees, commission and other income are recognized when the corresponding services are provided/received.

Loan origination fees and other fees that are considered to be integral to the overall profitability of a loan, together with the related transaction costs, are deferred and amortized to interest income over the estimated life of the financial instrument using the effective interest method.

Taxation

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted at the statement of financial position date plus and any adjustments to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available, against which the unused tax losses and credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Employee benefits

Pensions are provided by the State via mandatory contributions, which are made by the Bank and employees based on each individual employee’s earnings. The cost for these contributions is recognized in profit or loss when contributions are due and is included in salaries and employee benefits as part of administrative and other operating expenses.

Cash and cash equivalents

Cash and cash equivalents include cash, balances with the National Bank of Ukraine and balances due from banks with contractual maturity within three months.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Calculation of interest income and expenses

Interest income on financial assets measured at amortized cost is recognized at the effective interest rate to gross book value, except:

• purchased or created depreciated financial assets. For such financial assets, the effective interest rate adjusted for credit risk is applied to the amortized cost of the financial asset from the date of initial recognition. The calculation of interest income on such assets is not carried out based on the gross carrying amount, even if the credit risk on them will decrease further. ;

• financial assets that are not acquired or created by impaired financial assets, but which subsequently became depreciated financial assets. In the case of such financial assets, the Bank shall apply the effective interest rate to the amortized cost of the financial asset in subsequent years after the date of recognition in the impaired reporting periods. If the financial asset is no longer loan-denominated, then the calculation of interest income is again based on gross book value.

The effective interest rate is revised as a result of the periodic revaluation of cash flows for interest bearing instruments in order to reflect changes in market interest rates.

Submitting of information

Interest income calculated using the effective interest method presented in the statement of income and other comprehensive income includes interest income calculated using the effective interest method for financial assets measured at amortized cost.

Interest expense presented in the statement of income and other comprehensive income includes financial liabilities measured at amortized cost.

Segment reporting

An operating segment is a component of a Bank that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same Bank); whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

For management reporting purposes, the Bank represents one reportable segment that has central management and follows common lending policy and marketing strategy.

Impairment of assets

For each class of assets, the Bank discloses the following information

(a) the amount of impairment losses recognized in profit or loss during the period and the line item(s) of the statement of comprehensive income in which the impairment losses are included;

(b) the amount of reversals of impairment losses recognized in profit or loss during the period and the line item(s) of the statement of comprehensive income in which those impairment losses are reversed;

(c) the amount of impairment losses on revalued assets recognized in other comprehensive income during the period;

d) the amount of reversals of impairment losses on revalued assets recognized in other comprehensive income during the period.

The Bank discloses the following information for each significant impairment loss recognized or reversed during the period for each individual asset (including goodwill) or for each cash-generating unit

a) the events and circumstances that led to the impairment loss being recognized or reversed;

(b) the amount of the impairment loss recognized or reversed;

c) for an individual asset:

- the nature of the asset;

d) for a cash-generating unit: the nature of the asset; and

- A description of the cash-generating unit (e.g., whether it is a product range, plant, business, geographical region or a reportable segment as defined in IFRS 8)

- The amount of the impairment loss recognized or reversed for the asset class and for the reporting segment;

- If the aggregation of assets for the cash-generating unit has changed since the previous assessment of the cash-generating unit's recoverable amount, the Bank describes the current and previous aggregation of assets and the reasons for the change in the aggregation;

(e) whether the recoverable amount of the asset (cash-generating unit) is fair value less costs of disposal or value in use;

(f) if the recoverable amount is fair value less costs of disposal, the Bank discloses such information:

- the level within the fair value hierarchy within which the fair value measurement of the asset (cash-generating unit) is categorized in its entirety (without regard to whether there are any "costs of disposal");

- for fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation techniques used to measure fair value less costs of disposal. If there has been a change in a valuation technique, the Bank discloses the change and the reason(s) for the change; and

- For fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy, each key assumption on which management relied in determining fair value less costs of disposal. Key assumptions are those to which the recoverable amount of the asset (cash-generating unit) is most sensitive. The Bank discloses information about the discount rate(s) used in the current measurement and the previous measurement if fair value less costs of disposal is measured using the current value method.

(g) If the recoverable amount is value in use, the discount rate(s) used in the current measurement and in the previous measurement, if any, of value in use.

New Accounting Requierements

New and amended IFRS Standards that are effective for the current year

In the current year, the Bank applied a number of amendments to IFRS standards and interpretations issued by the IASB, which became effective for periods beginning on or after January 1, 2024, or later.

- Amendments to IAS 1 – "Classification of Liabilities as Current or Non-current".
- Amendments to IAS 1 – "Non-current Liabilities with Covenants".
- Amendments to IAS 7 and IFRS 7 – "Supplier Financing Agreements".
- Amendments to IFRS 16 – "Lease Liabilities and Sale and Leaseback Transactions".

(in thousands of Ukrainian hryvnias)

The application of these amendments did not have a significant impact on the disclosures or amounts presented in these financial statements.

The Bank did not early adopt any other standards, interpretations, or amendments that were issued but not yet effective.

New and Revised IFRS Standards Issued, but not yet effective.

Some new standards and amendments to standards have been published but are not mandatory for reporting periods ending December 31, 2024. However, the Bank did not early adopt such new or amended accounting standards when preparing these financial statements. The new standards and amendments are outlined below:

	Effective date
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries Without Public Accountability: Disclosure Requirements"	January 1, 2027
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025
Amendments to IFRS 9 and IFRS 7 "Contracts for Electricity Dependent on Natural Conditions"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments"	January 1, 2026
Annual Improvements to IFRS - Part 11: IFRS 1: Hedge Accounting for First-Time Adopters of IFRS IFRS 7: Profit or Loss from Derecognition IFRS 7: Disclosure of Deferred Differences between Fair Value and Transaction Price IFRS 9: Derecognition of Lease Liabilities by Lessees IFRS 9: Transaction Price IFRS 10: Definition of “De Facto Agent” IAS 7: Cost Method	January 1, 2026

The Bank is in the process of assessing the impact of IFRS 18, specifically concerning the structure of the Bank's profit and loss statement, cash flow statement, and additional disclosures required for performance metrics defined by the management. The Bank is also evaluating the impact on how information is grouped in the financial statements, including items currently labeled as "other."

The management does not expect the adoption of other standards and amendments listed above to have a significant impact on the Bank's financial statements in future periods.

(p) Comparative informatiom

Some comparative data have been reclassified to align with the presentation of information for the current reporting period.

(in thousands of Ukrainian hryvnias)

6. Cash and cash equivalents

Cash and cash equivalents as at 31 December 2024 are as follows:

	2024	**2023**
Cash on hand	27 508	11 347
Balances with the NBU	158 026	93 767
Current accounts placed with other banks	166 743	142 929
Reserves for expected credit losses (Note 21)	(14 635)	(12 948)
Total	**337 642**	**235 095**

Effective 25 December 2017, the NBU amended the requirements regarding the mandatory reserve on the correspondent account with the NBU. In accordance with Resolution No. 752-рш of the Management Board of the National Bank of Ukraine dated 23 November 2017 "On creation and maintenance of mandatory reserves," the control over the balance of the mandatory reserve on the correspondent account with the National Bank of Ukraine on a daily basis was cancelled. As at 31 December 2024, the statutory amount of the mandatory reserve was UAH 251,451 thousand (2023: UAH 198,553 thousand).

The following table represents an analysis of current amounts due from banks by rating agency designation based on Standard and Poor's ratings (S&P) or their equivalents as at 31 December:

	2024	**2023**
Current accounts placed with other banks:		
BBB- to A+	29 068	42 041
BB- to BB+	189	199
CC- to CC+	122 851	87 741
	152 108	**129 981**

As at 31 December 2024, the two largest balances on current accounts placed with other banks comprised UAH 155,802 thousand or 93.44% of total balances on current accounts with other banks (2023: UAH 80,506 thousand or 56.33%).

7. Investments in securities

As at 31 December 2024, investments in securities are represented by certificates of deposit of the National Bank of Ukraine, foreign government debt securities, and domestic government loan bonds of the Ministry of Finance of Ukraine:

	2024	**2023**
NBU certificates of deposit	669 281	943 537
Domestic government loan bonds	184 641	132 774
Foreign government debt securities	21 881	63 094
Total	**875 803**	**1 139 405**

Certificates of deposit of the National Bank of Ukraine have interest rates of 13.5%-15.5% with maturities in January-February 2025. As at 31 December 2024, the certificates of deposit of the National Bank of Ukraine are unvalued and not overdue.

During 2024, the Bank carried out transactions with foreign government debt securities, which were accounted for at fair value.

(in thousands of Ukrainian hryvnias)

During 2024, the Bank also carried out operations with domestic government loan bonds in national currency, which were accounted for at amortized cost in the portfolio until maturity.

8. Due from banks

As at 31 December 2024, funds in other banks are represented by a pledged guarantee deposit with a maturity of more than three months, placed in a single bank with a "CA" rating, based on Fitch ratings or their equivalents equivalents (2023: one bank, "from B- to CCC-").

	2024	**2023**
Deposits are placed with a maturity of less than three months	-	82 753
Deposits are placed, the repayment term is more than 3 months	5 675	5 128
Reserves for expected credit losses (Note 21)	(451)	(104)
Total	**5 224**	**87 777**

9. Loans and advances to customers

Loans and advances to customers as at 31 December are as follows:

	2024	**2023**
Corporate	1 229 961	1 026 375
Individuals	2 647	51
Total loans, gross	**1 232 608**	**1 026 426**
Provision for impairment of loans and advances to customers (Note 21)	(11 748)	(9 381)
Total	**1 220 860**	**1 017 045**

(in thousands of Ukrainian hryvnias)

The changes in the provision for expected credit losses on loans to customers at amortized cost during 2024 are presented as follows:

	Level 1	Level 2	Level 3	Purchased or originated credit-impaired assets	Total
ECL as at 1 January 2024	**8 208**	**214**	**676**	**283**	**9 381**
Loans transferred to Stage 1 - Credit losses expected within 12 months	-	-	-	-	-
Loans transferred to Stage 2 - Credit losses expected to be incurred over the life of the loan - not impaired	-	-	-	-	-
Loans transferred to Stage 3 - Credit losses expected to be incurred over the life of the loan – Impairment	-	(402)	402	-	-
Net provision for loan impairment	994	266	1 428	(283)	**2 405**
Write-off against provisions or sale during the period	-	-	-	-	-
Increase in allowances for credit losses to reflect accumulated contractual interest arrears	-	-	(38)	-	**(38)**
ECL as at 31 December 2024	**9 202**	**78**	**2 468**	**-**	**11 748**

(in thousands of Ukrainian hryvnias)

The changes in the provision for expected credit losses on loans to customers at amortized cost during 2023 are presented as follows:

	Level 1	Level 2	Level 3	Purchased or originated credit-impaired assets	Total
ECL as at 1 January 2023	**1 173**	**1 895**	**41 684**	**710**	**45 462**
Loans transferred to Stage 1 - Credit losses expected within 12 months	-	-	-	-	**-**
Loans transferred to Stage 2 - Credit losses expected to be incurred over the life of the loan - not impaired	(7)	7	-	-	**-**
Loans transferred to Stage 3 - Credit losses expected to be incurred over the life of the loan – Impairment	-	-	-	-	**-**
Net provision for loan impairment	7 041	(1 688)	(434)	(427)	**4 493**
Write-off against provisions or sale during the period	-	-	(40 610)	-	**(40 610)**
Increase in allowances for credit losses to reflect accumulated contractual interest arrears	-	-	36	-	**36**
ECL as at 31 December 2023	**8 208**	**214**	**676**	**283**	**9 381**

Significant credit risk concentration

As at 31 December 2024, the amount of loans and advances to customers related to the ten largest borrowers amounts to UAH 721,101 thousand or 59% of the total loans and customer debt (2023: UAH 647,470 thousand or 63%).

(in thousands of Ukrainian hryvnias)

Loan impairment

At 31 December 2024, loans impairment was as follows:

		Standard	*Under observation*	*Impairmented*	*Total*
Loans to customers at amortized cost					
Loans to legal entities	Stage 1	958 033	-	-	**958 033**
	Stage 2	-	180 412	-	**180 412**
	Stage 3	-	-	91 516	**91 516**
	POCI assets	-	-	-	**-**
	Total	**958 033**	**180 412**	**91 516**	**1 229 961**
Loans to individuals	Stage 1	2 647	-	-	**2 647**
	Total	**2 647**	-	-	**2 647**
Total		**960 680**	**180 412**	**91 516**	**1 232 608**

At 31 December 2023, loans impairment was as follows:

		Standard	*Under observation*	*Impairmented*	*Total*
Loans to customers at amortized cost					
Loans to legal entities	Stage 1	908 701	-	-	**908 701**
	Stage 2	-	42 674	-	**42 674**
	Stage 3	-	-	74 636	**74 636**
	POCI assets	-	-	364	**364**
	Total	**908 701**	**42 674**	**75 000**	**1 026 375**
Loans to individuals	Stage 1	51	-	-	**51**
	Total	51	-	-	**51**
Total		**908 752**	**42 674**	**75 000**	**1 026 426**

(in thousands of Ukrainian hryvnias)

Collateral

The table shows the amounts of secured loans rather than the fair value of collateral.

The collateral for loans to legal entities as of December 31 is as follows:

	2024	**2023**
Real Estate	622 660	554 237
Motor Vehicles	369 354	303 523
Equipment	57 610	78 775
Government Guarantee	94 078	57 721
Deposits	14 021	13 134
Unsecured	8 706	18 985
ECA Insurance	63 532	-
Total	**1 229 961**	**1 026 375**

The collateral for loans to individuals as of December 31 is as follows:

	2024	**2023**
Unsecured	2 647	51
Total	**2 647**	**51**

The Bank lending activities are conducted in Ukraine. The ability of the borrowers to repay their debt is dependent on a number of factors including the overall financial health of the individual borrowers and the continued development of the Ukrainian economy.

Although collateral can be an important mitigation of credit risk, it is the Bank's policy to lend on the basis of the customer's capacity to repay, rather than rely primarily on the value of collateral offered. Depending on the customer's standing and the type of product, loans may be provided without collateral.

Quality of loans

At 31 December 2024, loans impairment was as follows:

	Gross loans	**Impairment**	**Net loans**	**Impairment to gross loans**
Loans and advances to customers - corporate				
Not past due	1 120 600	(9 011)	1 111 589	0,80%
Past due	109 361	(2 620)	106 741	2,40%
Total loans and advances to customers - corporate	**1 229 961**	**(11 631)**	**1 218 330**	**0,95%**
Loans and advances to customers - individuals				
Not past due	2 647	(117)	2 530	4,41%
Total loans and advances to customers - individuals	**2 647**	**(117)**	**2 530**	**4,41%**

(in thousands of Ukrainian hryvnias)

Quality of loans and advances to customers as at 31 December 2023 is presented as follows:

	Gross loans	Impairment	Net loans	Impairment to gross loans
Loans and advances to customers - corporate				
Not past due	950 713	8 513	942 200	(0.90%)
Past due	75 662	867	74 795	(1.15%)
Total loans and advances to customers - corporate	**1 026 375**	**9 380**	**1 016 995**	**(0.91%)**
Loans and advances to customers - individuals				
Not past due	51	1	50	(1,96%)
Total loans and advances to customers - individuals	**51**	**1**	**50**	**(1,96%)**

Corporate loans by industry

Corporate loans by industry as at 31 December are as follows:

	2024	2023
Manufacturing	275 803	198 266
Trade	339 782	252 316
Financial Intermediaries	165 352	139 283
Construction	141 778	105 426
Other	178 566	181 145
Leasing	64 871	28 130
Agriculture	61 076	73 788
Electricity Generation	2 733	48 021
Total	**1 229 961**	**1 026 375**

10. Investment property

Movement in investment property during the year ended 31 December is as follows:

	2024	2023
Fair value as of January 1	**74 203**	**95 239**
Purchases	-	2 517
Sales	(36 243)	(12 268)
Revaluation effect	(843)	(11 285)
Fair value as of December 31	**37 117**	**74 203**

The inputs that were used in determining the fair value of investment real estate refer to the third level of the fair value hierarchy as of 31.12.2024 and as of 31.12.2023 due to significant uncertainty associated with low activity and liquidity of property markets in Ukraine.

During 2023 and 2024 years, the Bank held a number of properties in the investment property category to receive rental payments or for capital appreciation.

(in thousands of Ukrainian hryvnias)

11. Property, equipment and intangible assets

Movement of property, equipment and intangible assets is as follows:

	Assets with the right of use	Motor vehicles	Office equipment	Computers	Other fixed assets	Total	Intangible assets
Cost							
1 January 2023	**38 971**	**3 419**	**3 610**	**11 438**	**7 552**	**64 990**	**9 655**
Additions	-	-	-	219	711	930	374
Disposals	-	-	-	(64)	(33)	(97)	-
31 December 2023	**38 971**	**3 419**	**3 610**	**11 593**	**8 230**	**65 823**	**10 029**
Accumulated depreciation and amortization							
1 January 2023	**(23 206)**	**(2 638)**	**(3 319)**	**(8 975)**	**(6 195)**	**(44 333)**	**(5 466)**
Depreciation and amortization	(4 880)	(455)	(115)	(941)	(744)	(7 135)	(508)
Disposals	-	-	-	64	33	97	-
31 December 2023	**(28 086)**	**(3 093)**	**(3 434)**	**(9 852)**	**(6 906)**	**(51 371)**	**(5 974)**
Net book value as at 31 December 2023	**10 885**	**326**	**176**	**1 741**	**1 324**	**14 452**	**4 055**
Cost							
1 January 2024	**38 971**	**3 419**	**3 610**	**11 593**	**8 230**	**65 823**	**10 029**
Additions	-	6 786	159	2 875	168	9 988	5 213
Disposals	-	(1 899)	(308)	(337)	(128)	(2 672)	(367)
31 December 2024	**38 971**	**8 306**	**3 461**	**14 131**	**8 270**	**73 139**	**14 875**
Accumulated depreciation and amortization							
1 January 2024	**(28 086)**	**(3 093)**	**(3 434)**	**(9 852)**	**(6 906)**	**(51 371)**	**(5 974)**
Depreciation and amortization	(3 841)	(1 223)	(126)	(961)	(588)	(6 739)	(547)
Disposals	-	1 899	308	337	128	2 672	367
31 December 2024	**(31 927)**	**(2 417)**	**(3 252)**	**(10 476)**	**(7 366)**	**(55 438)**	**(6 154)**
Net book value as at 31 December 2024	**7 044**	**5 889**	**209**	**3 655**	**904**	**17 701**	**8 721**

As at 31 December 2024 and 2023, the Bank had no indicators of impairment of property, plant and equipment and intangible assets and recognized no impairment losses.

(in thousands of Ukrainian hryvnias)

12. Other assets

Other assets as at 31 December are as follows:

	2024	2023
Real estate acquired by the Bank as a pledge holder	6 435	6 781
Prepayments	5 900	3 753
Materials and consumables	68	66
Other	12 899	7 573
Impairment loss provision (Note 21)	(198)	(51)
Total	**25 104**	**18 122**

The Bank engages independent appraisers to determine the fair value of real estate repossessed by the Bank as a collateral holder. To determine the fair value, the appraiser used income approach and comparative approach. The fair value measurement of an asset is categorized in its entirety within Level 3 of the fair value hierarchy.

The item "Other" includes cash coverage for forex transactions with BCP (Switzerland) and Turkiye Cumhuriyeti Ziraat Bankasi A.S. (Turkey), placed in BCP (Switzerland) and Turkiye Cumhuriyeti Ziraat Bankasi A.S. (Turkey) in the amounts of 200 thousand US dollars and 59 thousand euros, which, as of 31 December 2024, is equivalent to 11,377 thousand hryvnias and represents restricted cash (as of 31 December 2023, the cash coverage for forex transactions with BCP (Switzerland) was 100 thousand US dollars, which is equivalent to 3,798 thousand hryvnias).

13. Lease

The Bank reflects in the accounting and submit financial reporting of lease transactions according to IFRS 16 and recognizes the assets and liabilities for each rental agreement that meets the definition of lease.

Under IFRS 16, the Bank will use the modified retrospective approach for leases to calculate the cost at the date of initial application of IFRS 16.

In accordance with IFRS 16, a new asset category “asset for use” (Note 11) is emerging in the bank - an asset that represents the lessee's right to use the underlying asset for the lease term, for which a separate account is included as a non-current asset to account for the underlying leased asset, and also to account for the depreciation of these assets.

The right to use assets from the date the Bank assesses recognition at cost. It consists of the following elements:

- Initial assessment of lease obligations (+)
- Lease payments paid at the beginning of the lease term (they are not discountable, unlike their liabilities) (+)
- Incentive payments on the lease which have been received (the original valuation of the lease payments deducts the payments received from the lessor in connection with the acquisition of the lease by the Bank) (-)
- Any initial direct costs incurred by the bank in connection with the acquisition of the lease (+)
- Estimated future expenses of the bank (during the dismantling and moving of the underlying asset; restoration of the site on which it is located; recovery of the underlying asset to a condition required by the lease terms) (+)

The valuation of an asset at the date of the financial statements is carried at cost less accumulated depreciation. The valuation of an asset at cost should be adjusted by the bank for the revaluation of the lease obligation related to the modification of the lease agreement or to reflect substantially fixed lease payments.

The Bank uses the cost model to measure right-of-use assets.

The initial assessment of lease obligations consists of the following elements:

(in thousands of Ukrainian hryvnias)

- Fixed lease payments (+)
- incentive rental payments that have been paid (from the original estimate of the lease liability, deduct payments paid to the lessor in connection with the acquisition of the lease right)(-)
- Variable rental payments that depend on the index or rate (+)
- The amounts to be paid by the bank the suspicion residual value guarantees (+)
- Payment of fines for termination of lease if its term is a potential exercise by the bank of an option to terminate the lease (+)
- The exercise price of the purchase option if there is reasonable assurance that the bank will exercise this option (+).

	2024	**2023**
Submitting a lease for a tenant		
Right-of-use assets that do not meet the definition of investment property at the beginning of the period	10 885	15 765
Right-of-use assets that do not meet the definition of investment property at the end of the period	7 044	10 885
Lease liabilities		
Lease obligations at the beginning of the period	17 409	21 310
Lease obligations at the end of the period	13 268	17 409

	2024	**2023**
Interest expenses on lease obligations	816	1 013

14. Due to banks

Balances due to banks as at 31 December are as follows:

	2024	**2023**
Deposits and balances due to banks:		
Banks of OECD member countries	3	31
Domestic	-	40 046
Total	**3**	**40 077**

As of December 31, 2024, the Bank's funds consist of the balance on a nostro account opened for the Austrian Bank.
As of December 31, 2023, the funds placed with a domestic bank amounted to UAH 40,046 thousand, and the Bank also has a balance on a nostro account opened for the Austrian Bank.

As of December 31, 2024, and as of December 31, 2023, the Bank complied with all the terms of the loan agreements.

(in thousands of Ukrainian hryvnias)

15. Due to customers

Due to customers as at 31 December 2024 are as follows:

	2024	2023
Current accounts:		
Corporate customers	742 534	929 590
Individuals	31 203	37 961
Total current accounts	**773 737**	**967 551**
Deposits:		
Corporate customers	468 415	391 292
Individuals	366 668	297 863
Total deposits	**835 083**	**689 155**
Other:		
Corporate customers	34 096	10 925
Individuals	349	390
Total deposits	**34 445**	**11 315**
Total	**1 643 265**	**1 668 021**

As at 31 December 2024, the total amount of funds in the current accounts of the five largest clients amounts to UAH 314 235 thousand or 41% of the total funds in current accounts (as at 31 December 2023: UAH 566 916 thousand or 59%).

As at 31 December 2024, the total amount of deposits from the five largest clients amounts to UAH 294 057 thousand or 35% of the total deposits (as at 31 December 2023: UAH 233 071 thousand or 34%).

16. Other liabilities

Other liabilities as at 31 December are as follows:

	2024	2023
Accruals for unused vacations	7 933	5 697
Accounts payable	578	137
Payables for taxes and fees other than income tax	1 504	911
Accrued expenses	442	360
Other	753	232
Total	**11 210**	**7 337**

17. Other borrowings

As at 31 December 2024, other borrowings are represented by loans denominated:

	Amount	Interest rate type	Maturity
Black Sea Trade and Development Bank	108 602	Fixed rate	21.07.2025
Entrepreneurship Development Fund	20 634	Floating rate	17.12.2025
Entrepreneurship Development Fund	132 557	Fixed rate	15.12.2027
Ministry of Finance of Ukraine	119 566	Fixed rate	31.12.2031
Total	**381 359**		

(in thousands of Ukrainian hryvnias)

As at 31 December 2023, other attracted funds are represented by loans denominated:

	Amount	Interest rate type	Maturity
Black Sea Trade and Development Bank	38 472	Floating rate	25.10.2024
Black Sea Trade and Development Bank	59 166	Fixed rate	20.06.2024
Entrepreneurship Development Fund	20 044	Floating rate	17.12.2025
Entrepreneurship Development Fund	127 306	Fixed rate	15.12.2027
Ministry of Finance of Ukraine	32 048	Fixed rate	31.12.2024
Ministry of Finance of Ukraine	114 763	Fixed rate	31.12.2031
Total	**391 799**		

As of December 31, 2024 and 2023, the Bank complied with all terms of credit agreements.

18. Share capital

As of 31 December 2024, the Bank's charter capital consists of 149,962,764 ordinary registered shares with a nominal value of 2.43 hryvnias per share (as of 31 December 2023: 149,962,764 ordinary shares with a nominal value of 2.43 hryvnias per share). All shares provide equal voting rights. As of 31 December 2024, all shares have been fully paid and registered.

No dividends were declared and paid in 2024 and 2023.

According to the legislation of Ukraine, reserves are distributed within the amount of retained earnings, which is determined in accordance with legislative and regulatory requirements.

Net income per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of shares outstanding. The Bank does not have convertible preference shares, so diluted earnings per share are equal to net earnings per share.

	2024	2023
Profit for the period owned by the owners ordinary shares of the Bank	13 313	10 810
Average number of shares outstanding during the period	149 962 764	149 962 764
Net profit/(loss) per share	**0,00009**	**0,00007**

19. Commitments and contingencies

Operating lease commitments

The Bank leases operating premises in the normal course of business. The remaining non-cancelable lease payment periods as at 31 December are as follows:

As of December 31, 2024:

	Within one month	From three months to one year	1-5 years	Total
Lease obligations	1 736	5 116	6 417	**13 269**

As of December 31, 2023:

	Within one month	From three months to one year	1-5 years	Total
Lease obligations	1 501	4 077	11 831	**17 409**

The maturity analysis of the Bank's undiscounted financial liabilities (including interest payments to be accrued in the future) as at 31 December is presented in the table below:

(in thousands of Ukrainian hryvnias)

As of December 31, 2024:

	Within one month	From three months to one year	1-5 years	Total
Lease obligations	1 977	5 956	6 721	**14 654**

As of December 31, 2023:

	Within one month	From three months to one year	1-5 years	Total
Lease obligations	1 751	5 276	13 240	**20 267**

Guarantees and other loan commitments

The Bank has outstanding credit commitments. These commitments consist of approved loans and credit facilities. The total amount of credit commitments does not necessarily reflect future funding needs, as the term of such commitments may expire or they may be canceled without the corresponding funds being requested. As of 31 December 2024, irrevocable credit commitments amount to UAH 15 934 thousand (2023: UAH 5 287 thousand).

Loan commitments were as follows:

	As at 31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Irrevocable credit lines	**14 944**	**990**	**-**	**15 934**
Provision for expected credit losses (Note 21)	(175)	(11)	-	(186)
Financial guarantees	**42 071**	**-**	**-**	**42 071**
Provision for expected credit losses (Note 21)	(555)	-	-	(555)

	As at 31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Irrevocable credit lines	**5 287**	**-**	**-**	**5 287**
Provision for expected credit losses	(74)	-	-	(74)
Financial guarantees	**9 306**	**-**	**-**	**9 306**
Provision for expected credit losses	(44)	-	-	(44)

Insurance

The insurance industry in Ukraine is in a developing stage and many forms of insurance protection common in other countries are not yet generally available. The Bank does not have full coverage for its premises and equipment, business interruption, or third party liability in respect of damage arising from accidents on Bank property or relating to operations. Until the Bank obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the operations and financial position.

Taxation contingencies

The Ukrainian tax system can be characterized by numerous taxes and frequently changing legislation. Tax regulations are often unclear, open to wide interpretation, and in some instances are conflicting. Instances of inconsistent opinions between local, regional and national tax authorities and between the National Bank of Ukraine and the Ministry of Finance are not unusual. Tax declarations are subject to review and investigation by a number of authorities that are enabled by law to impose significant penalties and interest charges. These facts create tax risks substantially more significant than typically found in countries with more developed systems.

(in thousands of Ukrainian hryvnias)

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

Litigations

In the course of its operations, the Bank is involved in various legal proceedings. According to the management's opinion, the outcome of these legal proceedings will not have a significant impact on the Bank's financial position.

Capital Investment Commitments

As of December 31, 2024, the Bank has contractual obligations of a capital nature related to the acquisition of assets amounting to UAH 2,724 thousand (as of December 31, 2023 – none).

20. Incomes and expenses analysis

Interest income and expense for the year are as follows:

	2024	2023
Loans and advances to customers	143 586	127 890
Deposit certificates of the National Bank of Ukraine	93 994	97 291
T-bills	31 112	13 117
Due from banks	3 097	5 612
Total interest income	**271 789**	**243 910**
Deposits	(67 355)	(72 153)
Other attracted funds	(18 060)	(20 835)
Current accounts	(55 217)	(40 812)
Due to banks	(126)	(334)
Lease liability	(816)	(1 013)
Total interest expense	**(141 574)**	**(135 147)**
Net interest income	**130 215**	**108 763**

Commission income and expenses for the year ended 31 December is as follows:

	2024	2023
Commission income:		
Currency exchange	4 755	5 021
Cash payments and withdrawals	20 290	31 420
Credit service	7 372	9 648
Other	2 880	1 425
Total fee and commission income	**35 297**	**47 514**
Commission expense:		
Cash payments and withdrawals	(14 318)	(4 486)
Credit service	(1 809)	(3 796)
Other	(1 063)	(950)
Total fee and commission expense	**(17 190)**	**(9 232)**
Net commission income	**18 107**	**38 282**

(in thousands of Ukrainian hryvnias)

In 2024, the item "Other income (expenses)" includes income from the increase in the market value of assets transferred to the Bank as a pledgee, amounting to 312 thousand UAH (compared to expenses of 3,779 thousand UAH in 2023 due to asset impairment), as a result of an appraisal conducted by an independent evaluator. The Bank regularly revalues assets transferred to it as a pledgee to ensure that the carrying value does not significantly differ from the fair value at the end of the reporting period.

Amortization and depreciation

	2024	2023
Amortization expense	3 445	2 763
Depreciation expense	3 841	4 880
Total depreciation and amortization	**7 286**	**7 643**

Administrative and other operating expenses for the year ended 31 December are as follows:

	2024	2023
Repair and maintenance of fixed assets	14 270	7 589
Rent and premises maintenance costs	7 168	5 515
Communication and information costs	4 777	4 029
Taxes, excluding income tax, and other mandatory payments	4 216	3 118
Stationery and office supplies	3 473	1 831
Security costs	2 908	3 179
Legal and consulting services fees	2 519	1 527
Audit expenses	1 200	950
Advertising and marketing	698	580
Transport costs	397	29
Business trip expenses	203	795
Revaluation of other assets	-	377
Other operating expenses	7 331	3 627
Total	**49 160**	**33 146**

21. Provision for impairment losses

The following is a schedule of movements in provision for impairment for the year ended 31 December:

Balance as of January 1, 2023	**(47 979)**
Used	40 610
Charged	(14 930)
Effect of exchange rate differences	(303)
Balance as of December 31, 2023	**(22 602)**
Used	-
Charged	(4 638)
Effect of exchange rate differences	(902)
Balance as of December 31, 2024	**(28 142)**

(in thousands of Ukrainian hryvnias)

22. Income tax expense

Income tax expense includes the following components:

	2024	2023
Current tax expense	19 734	9 966
Deferred tax benefit	(9)	(856)
Total income tax expense/(credit)	**19 725**	**9 110**

In 2024, the tax rate on income, as stipulated by legislation, was 50% (2023: 50%). Below is the reconciliation of theoretical tax expenses with the actual expenses:

The difference between the total expected income tax expense calculated by applying the applicable income tax rate to profit before income taxes and the actual income tax expense for the years ended 31 December is as follows:

	2024	%	2023	%
Profit before income tax	33 038	100.0%	19 920	100.0%
Expected income tax (income) / expense is calculated at the enacted rate	16 519	50.0%	9 960	50.0%
Effect of changes in the interest rate (DTA*)	-	-	(853)	(4.3%)
Effect of differences that (increase) or decrease the taxable item	3 206	(0.02%)	(3)	(0.02%)
Actual income tax (income) / expense	**19 725**	**50.0%**	**9 110**	**45.7%**

*As of December 31, 2024, the deferred tax rate, which is expected to be applied to temporary differences at the time of their reversal in accordance with the legislation of Ukraine in effect on the reporting date, is 25% (as of December 31, 2023: 25%).

(a) Movements in recognized temporary differences during the year

Deferred tax assets and liabilities as at 31 December 2024 are attributable to the items detailed as follows:

	1 January 2024	**Recognized through profit or loss**	**31 December 2024**
	Asset (liability)	***Benefit (charge)***	***Asset (liability)***
Property and equipment	721	9	730
Accumulated tax losses	2 365	-	2 365
Total	**3 086**	**9**	**3 095**

Deferred tax assets and liabilities as at 31 December 2023 are attributable to the items detailed as follows:

	1 January 2023	**Recognized through profit or loss**	**31 December 2023**
	Asset (liability)	***Benefit (charge)***	***Asset (liability)***
Property and equipment	517	204	721
Accumulated tax losses	1 713	652	2 365
Total	**2 230**	**856**	**3 086**

23. Derivatives at fair value through profit or loss

Derivative financial instruments are represented mainly by forward foreign exchange contracts and interbank swaps.

According to the management opinion such transactions are essentially currency swaps and reflects them in accordance with the Bank's accounting policies applicable to derivative financial instruments.

	2024	2023
	Forward currency contracts	Forward currency contracts
Assets at fair value through profit or loss	237	339
Liabilities at fair value through profit or loss	(512)	(2 159)

24. Financial risk management

Management of risk is fundamental to the business of banking and is an essential element of operations. The major risks faced by the Bank are those related to credit exposures, market risk (which includes risk of movements in foreign exchange rates and in interest rates) and liquidity risk.

Risk management structure

The risk management policies aim to identify, analyze and manage the risks faced by the Bank, to set appropriate risk limits and controls and to continuously monitor risk levels and adherence to limits.

The risks are managed in an integrated manner and are evaluated in terms of the policy of the Bank, which is reviewed and approved by the Supervisory Board on an annual basis. Risk limits are established for credit, market and liquidity risks and the level of exposure is then maintained within these limits.

Credit risk

Credit risk is the risk of a financial loss for the Bank if a customer or counterparty fails to meet its contractual obligations. Credit risk arises principally from loans and advances made and investment securities. The maximum credit risk exposure is generally net carrying amounts of instruments as at end of the reporting period.

Management monitors concentration of credit risk.

The Bank has to comply with varying NBU regulations that limit exposure to companies, groups of companies and related parties. To manage credit risk, the Bank deals with counterparties of good credit standing and when appropriate obtains collateral.

Corporate Lending

In making its lending decisions, the Bank evaluates potential borrowers on the basis of their financial condition as reflected in their financial statements, their credit history with the Bank and other financial institutions and the amount of risk involved in lending to a particular borrower, using a rating scale. A lack of credit history with the Bank or lack of credit history in general is not an absolute bar to granting a loan, provided the Bank receives sufficient information to assess the borrower’s business and financial condition. However, when the Bank lends to a borrower with no credit history, it sets conditions such as a requirement to transfer a certain part of the customer’s banking operations to the Bank for a certain period and charging a higher interest rate, or requiring additional collateral or guarantees from such borrower.

In evaluating the risks associated with a particular borrower, the Bank takes into account the borrower’s business and factors such as the quality of its management, its main business activities, its geographic location, suppliers, customers, other indebtedness, financial stability, turnover, likely return on the loan, the liquidity of the proposed collateral and whether it is sufficient in view of the credit risk. The Bank also considers the weighted average credit risk associated with the industry in which the borrower operates.

Retail Lending

The Bank provides loans to individuals only in exceptional cases and focuses on the collection of existing loans issued to individuals.

The Bank continuously monitors the performance of individual credit exposures and regularly reassesses the creditworthiness of its customers. The review is based on an analysis of the customer earnings overdue payments and other information obtained by the Bank. In light of this information the borrower's internal credit rating may be revised.

Expected credit losses (ECL)

The Bank calculates ECL based on several scenarios that include a weighted loan loss probability estimate for expected non-cash cash flows discounted at an approximate effective interest rate. Lack of cash is the difference between the cash flows owned by the entity in accordance with the contract and the cash flows that the entity expects to receive. Below is the mechanics of calculations ECL, the key elements of which are:

- Default probability (PD) The probability of default is the estimate of the probability of default on this time horizon.

A default event may occur only at a certain point during the analyzed period if, at that time, the Bank will not terminate recognition of the loan, and the loan will remain in the portfolio.

- Exposure at default (EAD) The Exposure at default is the estimate of the amount of the loan for the future default date, taking into account expected changes in the loan amount after the reporting date, including repayment of principal and interest, and the expected sample of borrowers under the loan obligation Amounts, as well as accrued interest on missed payments.

- Loss given default (LGD) The Loss given default is an estimate of the loss incurred in the event of a default at a specified time. It is calculated on the basis of the difference between the amount of payments to be received under the contract and the amount expected to be received by the creditor, including the funds from the sale of any collateral. Usually it is presented as a percentage of risk in default (EAD).

Provision for expected loan losses is calculated on the basis of credit losses that are projected to be incurred during the life of the asset (expected credit losses for the entire period of the instrument). The expected credit losses for the entire duration of the instrument are calculated either individually or for asset groups, depending on the characteristics of the relevant portfolio of financial instruments.

The Bank has adopted a policy that provides for an assessment at the end of each reporting period to identify possible significant increases in credit risk after initial recognition by analyzing the changes in the level of default risk occurring throughout the remaining period of the financial instrument. As a result of the process described above, the Bank divides its loans into risk groups ("stages"), referred to as "Stage 1", "Stage 2", "Stage 3" and "Purchased or Originated Credit Impaired Assets" (POCI Assets) :

Stage 1 At the moment of initial recognition of loans, the Bank recognizes a provision for losses on the basis of the amount of expected loan losses for 12 months. In addition, Phase 1 includes loans that are characterized by a reduction in credit risk, resulting in a corresponding loan being transferred to Stage 1 of Stage 2.

Stage 2 If the level of credit risk on a loan increases significantly after the loan agreement is signed, the Bank recognizes the provision for expected loan losses for the entire duration of the instrument. In addition, Stage 2 includes loans that are characterized by a reduction in credit risk, resulting in a corresponding loan being transferred to Stage 2 of Stage 3.

Stage 3 Loans are considered to be loan-denominated. The Bank recognizes the provision for expected loan losses for the entire duration of the instrument.

(in thousands of Ukrainian hryvnias)

Purchased or Originated Credit Impaired assets (POCI assets) are assets that are impaired at the date of initial recognition. POCI assets are initially recognized at fair value and interest income is subsequently recognized on the basis of an adjusted effective interest rate. Expected credit losses are recognized or reversed only in the event of a subsequent change in the amount of expected loan loss during the entire life of the instrument.

The main factors taken into account in the analysis of impairment of loans include the determination of whether overdue principal or interest payments on the loan are more than 90 days, or if there are any difficulties in view of the counterparty's cash flows, the decrease credit rating or breach of the original terms of the relevant agreement. The Bank analyzes impairment by provisioning for impairment losses on individually assessed loans.

The Table below shows the value of financial assets by classes of quality as at 31 December 2023 and 31 December 2022.

31 December 2024

		Standard	***Watch***	***Impaired***	***Total***
Cash and cash equivalents, except for cash on hand	Stage 1	324 769	-	-	**324 769**
	Total	**324 769**	**-**	**-**	**324 769**
Loans to customers at amortized cost					
Loans to corporate customers	Stage 1	958 033	-	-	**958 033**
	Stage 2	-	180 412	-	**180 412**
	Stage 3	-	-	91 516	**91 516**
	Total	**958 033**	**180 412**	**91 516**	**1 229 961**
Loans to retail customers	Stage 1	2 647	-	-	**2 647**
	Total	**2 647**	**-**	**-**	**2 647**
Irrevocable credit lines	Stage 1	14 944	-	-	**14 944**
	Stage 2	-	990	-	**990**
	Total	**14 944**	**990**	**-**	**15 934**
Financial guarantees	Stage 1	42 071	-	-	**42 071**
	Total	**42 071**	**-**	**-**	**42 071**
Total		**1 342 464**	**181 402**	**91 516**	**1 615 382**

(in thousands of Ukrainian hryvnias)

31 December 2023

		Standard	*Watch*	*Impaired*	*Total*
Cash and cash equivalents, except for cash on hand	Stage 1	236 696	-	-	**236 696**
	Total	**236 696**	**-**	**-**	**236 696**
Loans to customers at amortized cost					
Loans to corporate customers	Stage 1	908 701	-	-	**908 701**
	Stage 2	-	42 674	-	**42 674**
	Stage 3	-	-	74 636	**74 636**
	POCI assets	-	-	364	**364**
	Total	**908 701**	**42 674**	**75 000**	**1 026 375**
Loans to retail customers	Stage 1	51	-	-	**51**
	Total	**51**	**-**	**-**	**51**
Irrevocable credit lines	Stage 1	5 287	-	-	**5 287**
	Total	**5 287**	**-**	**-**	**5 287**
Financial guarantees	Stage 1	9 306	-	-	**9 306**
	Total	**9 306**	**-**	**-**	**9 306**
Total		**1 160 041**	**42 674**	**75 000**	**1 277 715**

The credit quality of financial assets is managed by the Bank internal credit ratings. The tables above show the credit quality by the asset class for the credit lines in the statement of financial position based on the Bank credit rating system.

Off-balance sheet exposure

The maximum exposure to off-balance sheet credit risk at 31 December is as follows:

	2024	**2023**
Irrevocable credit lines	15 934	5 287
Guarantees	42 071	9 306
Total off-balance sheet exposure	**58 005**	**14 593**

Market risk

Market risk is the risk that changes in the market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect income or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

(i) *Currency risk*

Currency risk is the risk that movements in foreign exchange rates will affect income or the value of its portfolios of financial instruments.

The Bank has assets and liabilities denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency. Management establishes limits and constantly monitors foreign currency positions in accordance with the regulations of the NBU and internally developed methodology. The policy with regard to open foreign currency position is restricted to certain thresholds under regulatory provisions of the NBU, however, the calculation of open currency position under regulatory provisions may differ from the below table.

(in thousands of Ukrainian hryvnias)

Currency positions as at 31 December 2024 are as follows:

	USD	EUR	Other currencies
Assets			
Cash and cash equivalents	16 245	136 800	11 533
Due from banks	5 224	-	-
Loans and advances to customers	363 929	184 481	-
Investments in securities	-	21 881	-
Other assets	-	11 322	-
	385 398	**354 484**	**11 533**
Liabilities			
Other borrowed funds	108 602	252 123	-
Customer Funds	340 355	58 715	356
Other Liabilities	43	-	-
	449 000	**310 838**	**356**
Net balance sheet position	**(63 602)**	**43 646**	**11 177**
Net (short) long position	**(63 602)**	**43 646**	**11 177**

Currency positions as at 31 December 2023 are as follows:

	USD	EUR	Other currencies
Assets			
Cash and Cash Equivalents	61 780	70 340	2 033
Funds in Other Banks	20 213	67 552	-
Loans and Receivables from Customers	435 755	135 900	-
Investments in Securities	-	63 094	-
Other Assets	3 893	-	-
	521 641	**336 886**	**2 033**
Liabilities			
Due to banks	97 639	274 117	-
Other attracted funds	359 438	66 725	385
Due to customers	-	-	-
Other liabilities	-	49	-
	457 077	**340 891**	**385**
Net balance sheet position	**64 564**	**(4 005)**	**1 648**
Net (short) long position	**64 564**	**(4 005)**	**1 648**

The table shows currencies in which the Bank has significant positions as at December 31. The analysis is to measure the effect of possible changes in the exchange rates of foreign currencies against hryvnia, with the unchangeable value of all other variables, on the profit and loss statement of the Bank. The effect on the capital is not different from the effect on the profit and loss statement. The negative value in the table reflects a potential net decrease in the profit and loss statement or equity, and the positive values reflect the potential net increase.

(in thousands of Ukrainian hryvnias)

Currency	*Strengthening of exchange rate against Ukrainian hryvnia, % 2024*	*Effect on profit before tax 2024*	*Weakening of exchange rate against Ukrainian hryvnia, % 2024*	*Effect on profit before tax 2024*
USD	+20	(12 720)	(20,00)	12 720
EUR	+20	8 720	(20,00)	(8 720)

Currency	*Strengthening of exchange rate against Ukrainian hryvnia, % 2023*	*Effect on profit before tax 2023*	*Weakening of exchange rate against Ukrainian hryvnia, % 2023*	*Effect on profit before tax 2023*
USD	+20	12 913	(20,00)	(12 913)
EUR	+20	(801)	(20,00)	801

The currency risks specified in IFRS 7 arise from the financial instruments denominated in a currency that is not the functional currency and has a monetary nature; the risks associated with the translation are not taken into account.

(ii) Interest rate risk

Interest rate risk is the risk that movements in interest rates will affect income or the value of financial instruments.

Interest rate risk is measured by the extent to which changes in market interest rates impact on margins and net interest income. To the extent the term structure of interest bearing assets differs from that of liabilities, net interest income will increase or decrease as a result of movements in interest rates. To manage interest rate risk, management continually assesses market interest rates for different types of interest bearing assets and liabilities.

Interest margins on assets and liabilities having different maturities may increase as a result of changes in market interest rates. In practice, management resets interest rates on both assets and liabilities based on current market conditions and mutual agreement, which is documented in an addendum to the original agreement, which sets forth the new interest rate.

The average effective interest rates of major interest bearing assets and liabilities as at 31 December 2024 are as follows:

(in thousands of Ukrainian hryvnias)

	USD	EUR	Ukrainian hryvnia
Assets			
Funds in Other Banks	-	0,70%	-
Loans and advances to customers	6,63%	6,97%	18,66%
Liabilities			
Bank Funds	-	-	-
Other borrowed funds	8,84%	2,09%	13,19%
Customer Funds	2,36%	0,74%	11,17%

The average effective interest rates of major interest bearing assets and liabilities as at 31 December 2023 are as follows:

	USD	EUR	Ukrainian hryvnia
Assets			
Cash and Cash Equivalents	-	-	15,90%
NBU Deposit Certificates	4,10%	3,80%	-
Funds in Other Banks	7,70%	8,50%	24,40%
Liabilities			
Bank Funds	-	-	14,00%
Other Borrowed Funds	9,60%	2,10%	14,10%
Customer Funds	2,40%	1,70%	15,40%

Below is an analysis of the impact on pre-tax income of possible changes in interest rates with financial instruments that are raised at floating interest rates:

	Increase in basis points	Impact on profit before taxation	Decrease in basis points	Impact on profit before taxation
2024	+100	629	(100)	(629)
2023	+100	2 988	(100)	(2 988)

Liquidity risk

Liquidity risk arises in the general funding of activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

Management's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation.

The Bank seeks to actively support a diversified and stable funding base comprising debt securities in issue, long-term and short-term loans from other banks, core corporate and retail customer deposits, accompanied by diversified portfolios of highly liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

To maintain its short-term liquidity, the Bank takes short-term deposits, enters into repurchase transactions and buys and sells foreign currency, securities and precious metals. To maintain its long-term liquidity, the Bank takes medium and long-term deposits, sells assets such as securities, regulates its interest rate policy and strives to reduce expenses.

(in thousands of Ukrainian hryvnias)

The financial assets and financial liabilities maturity periods under the contracts as at 31 December 2024 are as follows:

	Within one month	**From one to three months**	**From three months to one year**	**1-5 years**	**More than five years**	**Total**
Assets						
Cash and cash equivalents	337 642	-	-	-	-	337 642
Investments in securities	644 835	89 697	76 802	64 469	-	875 803
Due from banks	-	-	5 224	-	-	5 224
Loans and advances to customers	161 038	244 735	526 350	288 737	-	1 220 860
	1 143 515	**334 432**	**608 376**	**353 206**	**-**	**2 439 529**
Liabilities						
Due to banks	3	-	-	-	-	**3**
Other borrowed funds	3 324	4 690	141 084	206 611	25 650	**381 359**
Due to customers	908 602	197 102	414 114	123 447	-	**1 643 265**
Other financial liabilities	3 742	502	5 213	6 455	-	**15 912**
	915 671	**202 294**	**560 411**	**336 513**	**25 650**	**2 040 539**
Liquidity (gap) surplus for the period	227 844	132 138	47 965	16 693	(25 650)	398 990
Cumulative liquidity (gap) surplus	**227 844**	**359 982**	**407 947**	**424 640**	**398 990**	

(in thousands of Ukrainian hryvnias)

The financial assets and financial liabilities maturity periods under the contracts as at 31 December 2023 are as follows:

	Within one month	**From one to three months**	**From three months to one year**	**1-5 years**	**More than five years**	**Total**
Assets						
Cash and cash equivalents	235 095	-	-	-	-	**235 095**
Investments in securities	909 823	101 484	43 915	84 183	-	**1 139 405**
Due from banks	82 753	-	-	5 024	-	**87 777**
Loans and advances to customers	133 520	264 872	454 090	164 563	-	**1 017 045**
	1 361 191	**366 356**	**498 005**	**253 770**	**-**	**2 479 322**
Liabilities						
Bank Funds	40 077	-	-	-	-	**40 077**
Other borrowed funds	7 045	17 621	106 173	218 333	42 627	**391 799**
Customer Funds	1 095 940	223 034	326 511	12 536	10 000	**1 668 021**
Other Financial Liabilities	3 022	-	4 077	11 832	-	**18 931**
	1 146 084	**240 655**	**436 761**	**242 701**	**52 627**	**2 118 828**
Liquidity (gap) surplus for the period	215 107	125 701	61 244	11 069	(52 627)	**360 494**
Cumulative liquidity (gap) surplus	**215 107**	**340 808**	**402 052**	**413 121**	**360 494**	

The item “Due to customers” include term deposits of individuals providing for the early withdrawal thereof. The Bank management believes that most individuals deposits will not be withdrawn before the maturity thereof, so the customers funds are reported by their contractual maturities.

(in thousands of Ukrainian hryvnias)

Analysis of maturities of the undiscounted financial liabilities (including interest payments that will be accrued in the future) of the Bank as at 31 December 2024 is presented in the table below:

	Within one month	From one to three months	From three months to one year	1-5 years	More than five years	Total
Due to banks	3	-	-	-	-	**3**
Due to customers	792 369	99 602	439 877	127 234	-	**1 459 082**
Other attracted funds	3 324	3 131	148 851	201 984	27 245	**384 535**
Other financial liabilities	1 536	674	-	13 090	-	**15 300**
Total	**797 233**	**103 407**	**588 728**	**342 308**	**27 245**	**1 843 621**

Analysis of maturities of the undiscounted financial liabilities (including interest payments that will be accrued in the future) of the Bank as at 31 December 2023 is presented in the table below:

	Within one month	From one to three months	From three months to one year	1-5 years	More than five years	Total
Bank Funds	3					**3**
Customer Funds	4 787	7 522	149 837	217 182	25 883	**405 211**
Other Borrowed Funds	792 369	99 602	439 877	127 234	-	**1 459 082**
Other Financial Liabilities	3 981	502	6 055	6 758	-	**17 296**
Total	**801 140**	**107 626**	**595 769**	**351 174**	**25 883**	**1 881 592**

25. Capital management

(i) *Regulatory capital*

According to the existing capital requirements set by the National Bank of Ukraine (NBU), banks must maintain the capital-to-risk-weighted assets ratio ("capital adequacy ratio according to Ukrainian regulatory requirements") above a certain established minimum threshold. If a bank fails to maintain or sufficiently increase its capital in line with the growth of its risk-weighted assets, it may face the risk of breaching the capital adequacy ratios set by the NBU, which could lead to sanctions by the NBU and have a significant negative impact on its operational results and financial position.

Starting from August 5, 2024, according to the Law of Ukraine "On Banks and Banking Activities," banks transitioned to a three-tier capital structure and new capital adequacy regulations. As of December 31, 2024, the minimum regulatory capital adequacy ratio (RCA) set by the NBU is 8.5%.

As of December 31, 2024, the Bank's regulatory capital adequacy ratio (RCA), calculated according to NBU requirements, is 27.12%.

As of December 31, 2023, the Bank's regulatory capital adequacy ratio (RCA), calculated according to NBU requirements, is 29.58%.

(in thousands of Ukrainian hryvnias)

The Bank has complied with the National Bank of Ukraine's requirements regarding the regulatory capital adequacy ratio as of December 31, 2024, and 2023.

Below is the table showing the structure of regulatory capital, calculated according to the National Bank of Ukraine's requirements:

- As of December 31, 2024: The Instruction on the Procedure for Regulating Bank Activities in Ukraine, approved by the Resolution of the National Bank of Ukraine No. 368 dated August 28, 2001, the Methodology for Calculating Economic Regulations for the Regulation of Bank Activities in Ukraine, approved by the NBU Board Decision No. 803-rsh dated December 15, 2017, and the NBU Resolution No. 196 dated December 28, 2023.
- As of December 31, 2023: The Instruction on the Procedure for Regulating Bank Activities in Ukraine, approved by the Resolution of the National Bank of Ukraine No. 368 dated August 28, 2001, and the Methodology for Calculating Economic Regulations for the Regulation of Bank Activities in Ukraine, approved by the NBU Board Decision No. 803-rsh dated December 15, 2017:

	2023
Fixed capital	**355 774**
Actually paid registered share capital	364 410
Contributions to unregistered authorized capital	4 086
Transactions with shareholders (financial assistance from shareholders for which the NBU has obtained permission to include in equity)	-
Emission differences	2 902
General reserves and reserve funds created in accordance with the laws of Ukraine	46 103
Reduction of fixed capital, incl:	
Intangible assets less amortization	4 055
losses of previous years	16 180
estimated loss of the current year	-
capital investments in intangible assets	-
carrying amount of assets that are not used by the bank in the course of carrying out the activities specified by the Law "On Banks and Banking Activities"	41 492
Additional capital	**13 028**
Total regulatory capital	**368 802**

	2024
Tier 1 Capital (OK1)	**359 648**
Amount (in thousands UAH)	
Own instruments of Tier 1 Capital (OK1)	364 410
Issue differences (issue income) from own instruments of Tier 1 Capital (OK1)	2 902
Retained earnings from previous years	59 785
Profit for the interim reporting period	35 088
Reserve and other funds	46 643
Deductions from Tier 1 Capital, including:	
Uncovered losses from previous years	16 180
Intangible assets, excluding INAcs	5 216
Accumulated depreciation of intangible assets, excluding INAcs	1 981
INAcs (Intangible assets in the form of computer software / rights to computer programs)	7 181
Accumulated depreciation of INAcs	4 174
Capital investments in intangible assets	2 478
Total reduction of Tier 1 Capital due to deferred tax assets (DTA) and liabilities (DTL)	727
Accrued income not received more than 30 days from the date of accrual, the due date of which has not expired in accordance with the contract	10 247
Revaluation/depreciation and provisions related to accrued income not received more than 30 days from the date of accrual, which is not due according to the contract	48
Overdue accrued income	692
Revaluation/impaired and provisions relating to overdue accrued income	20
Amount of uncovered credit risk	69 104
Carrying amount of non-core assets	43 552
Tier 1 Additional Capital (DK1)	**-**
Tier 2 Capital (K2)	**-**
Total	**359 648**

(in thousands of Ukrainian hryvnias)

26. Balances with related parties

The Bank grants loans and advances to customers, attracts deposits and performs other transactions with related parties in the ordinary course of business. Parties are considered to be related if one party has the ability to control the other party or exercises significant influence over the party when making financial and operational decisions. Terms of transactions with related parties are established at the time of the transaction. Related parties comprise entities which are under common control with the Bank, members of the Supervisory Board, key management personnel and their close family members, companies that are controlled or significantly influenced by shareholders, by key management personnel or by their close family members.

As at 31 December 2024 and as at 31 December 2023, the ultimate controlling partıes of the Bank are JSC “ALTINBAŞ HOLDING ANONIM ŞIRKETI” and JSC “CREDITWEST FACTORING ANONIM ŞIRKETI”, which is ultimately controlled by members of Altinbaş family.

The Bank balances and transactions with its related parties as at 31 December 2024 and 2023 are presented in the table below.

	2024	2023
Balances and transactions with the key management personnel		
Statement of financial position (as at 31 December):		
Loans and advances to customers	-	-
Due to customers	30 008	3 780
Statement of comprehensive income:		
Interest income	-	-
Interest expense	395	2
Salary and salary related charges payable	35 307	21 077
Balances with related parties		
Statement of financial position (as at 31 December):		
Due to customers	11 182	98

The foreign currency positions and interest rates of transactions with related parties as at 31 December 2024 are as follows:

	UAH	Interest rate	USD	Interest rate	EUR	Interest rate
Balances with key management personnel						
Credits	-	-	-	-	-	-
Deposits from customers	4 207	16,33%	24 585	3,23%	-	-
Current accounts	247	0,00%	407	0,00%	167	0,00%
Balances with related parties						
Customer Deposits	-	-	10 680	3,2%	239	0,00%
Current Accounts	10	0,00%	94	0,00%	1	0,00%

(in thousands of Ukrainian hryvnias)

The foreign currency positions and interest rates of transactions with related parties as at 31 December 2023 are as follows:

	UAH	Interest rate	USD	Interest rate	EUR	Interest rate
Balances with key management personnel						
Credits	-	-	-	-	-	-
Deposits from customers	-	-	812	2,00%	-	-
Current accounts	2 214	0,00%	613	0,00%	138	0,00%
Balances with related parties						
Current accounts	10	0,00%	87	0,00%	1	0,00%

Key management personnel are those individuals that have the authority and responsibility for planning, directing and controlling the activities of the Bank directly or indirectly, and also includes members of the Board of Management.

27. Fair value measurement

(a) Fair value of financial assets and financial liabilities that are not measured at fair value

The table below presents the carrying amounts and fair values of financial assets and financial liabilities at amortized cost. The fair value of the non-financial assets and non-financial liabilities is not presented in the table.

	2024		2023	
	Total carrying amount	**Fair value**	**Total carrying amount**	**Fair value**
Cash and cash equivalents	337 642	337 642	235 095	235 095
Investments in securities	853 922	853 922	1 076 311	1 076 311
Due from banks	5 224	5 224	87 777	87 777
Loans and advances to customers	1 220 860	1 220 860	1 017 045	1 017 045
Total	**2 417 648**	**2 417 648**	**2 416 228**	**2 416 228**
Due to banks	3	3	40 077	40 077
Customer accounts	1 643 265	1 643 265	1 668 021	1 668 021
Other attracted funds	381 359	381 359	391 799	391 799
Total	**2 024 627**	**2 024 627**	**2 099 897**	**2 099 897**

The methods and assumptions used to define fair value of the financial instruments not reported at fair value in the financial statements are described below.

Assets which fair value is approximately equal to their carrying amount

For the financial assets and financial liabilities being liquid or short-term (less than three months), it is assumed that their carrying amount is approximately equal to their fair value. The said assumption also applies to the deposits on demand, savings accounts with no fixed maturity, and floating rate financial instruments.

(in thousands of Ukrainian hryvnias)

Financial assets and financial liabilities at amortized cost

For the instruments carried at amortized cost, the discounting model of cash flows using current market rates for similar financial instruments with a similar status, similar to credit risk and maturity is applied.

(b) Financial assets at fair value

All assets and liabilities which fair value is measured or disclosed in the financial statements are classified by the level of the fair value measurement hierarchy presented below at the lowest level that is material for the fair value measurement as a whole:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: valuation methods for which all the inputs with a significant effect on fair value are at the lowest level of the hierarchy and can be obtained directly or indirectly from market sources; and
- Level 3: valuation methods for which all the inputs with a significant effect on fair value are at the lowest level of the hierarchy and cannot be obtained directly or indirectly from market sources.

For the assets and liabilities reported in the consolidated financial statements on an ongoing basis, at the end of each reporting period, the Bank analyzes whether there has been a transition between levels of the hierarchy by reassessing the distribution by categories (based on the lowest-level data, which is generally important for the fair value measurement).

For disclosure purposes at fair value, the Bank determines the classes of assets and liabilities based on the nature, characteristics, and risks of the asset or liability, and the fair value hierarchy.

		Fair value		
31 December 2024	***Level 1***	***Level 2***	***Level 3***	***Total***
Financial assets reported at fair value				
Cash and cash equivalents	185 534	152 108	-	**337 642**
Securities investment	21 881	184 641	669 281	**875 803**
Due from banks	-	5 224	-	**5 224**
Loans and advances to customers	-	-	1 220 860	**1 220 860**
Financial liabilities reported at fair value				
Due to banks	-	3	-	**3**
Due to customers	-	773 737	869 528	**1 643 265**
Other attracted funds	-	-	381 359	**381 359**

		Fair value		
31 December 2023	***Level 1***	***Level 2***	***Level 3***	***Total***
Financial assets reported at fair value				
Cash and cash equivalents	105 114	129 981	-	**235 095**
Securities investment	63 094	132 774	943 537	**1 139 405**
Due from banks	-	87 777	-	**87 777**
Loans and advances to customers	-	-	1 017 045	**1 017 045**
Financial liabilities reported at fair value				
Due to banks	-	40 077	-	**40 077**
Due to customers	-	967 551	700 470	**1 668 021**
Other attracted funds	-	-	391 799	**391 799**

28. Subsequent events

The Board of the National Bank of Ukraine has decided to increase the discount rate from 13.5% per annum to 14.5% per annum, effective from January 24, 2025.

During the period up to the date of approval of this financial statement, no events occurred:
- business combination;
- termination or adoption of a decision to terminate activity;
- restructuring of the Bank;
- making court decisions in favor of the plaintiffs, which could cause the emergence of significant financial obligations of the Bank, which are not reflected in the Bank's financial statements.

Signed and authorised for release by and on behalf of the Management Board of the Bank:

I.Yu. Tykhonov	Chairman of the Board
I.M. Kuzmenko	Chief Accountant

22 April 2025