

PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK”

Interim Condensed Financial statements

*for the 9 month ended 30 September 2024
(unaudited)*

Translation from Ukrainian

Contents

Interim statement of financial position	1
Interim statement of profit or loss and other comprehensive income	2
Interim statement of changes in equity	4
Interim statement of cash flows (direct method)	5

Notes to the interim condensed financial statements

1. General information	6
2. Operating environment.....	6
3. Basis of preparation.....	7
4. Significant accounting policies.....	9
5. Significant accounting judgments and estimates	10
6. Segment information.....	10
7. Cash and cash equivalents	12
8. Loans and advances to customers	13
9. Investments in securities.....	18
10. Due to banks	21
11. Due to customers.....	21
12. Other borrowed funds	22
13. Equity.....	23
14. Commitments and contingencies.....	23
15. Interest revenue calculated using effective interest method	28
16. Interest expense	29
17. Net fee and commission income.....	29
18. Impairment loss determined in accordance with IFRS 9	29
19. Risk management.....	30
20. Fair value measurements.....	36
21. Related party transactions.....	41
22. Capital adequacy.....	43
23. Subsequent events	43

INTERIM STATEMENT OF FINANCIAL POSITION

as at 30 September 2024

(UAH thousands)

	Notes	30 September 2024	31 December 2023
Assets			
Cash and cash equivalents	7	53,688,716	49,749,451
Loans and other balances with banks		1,378,413	1,633,211
Loans and advances to customers	8	68,935,044	63,332,947
Investments in securities	9	56,773,768	55,728,665
Derivative financial assets		385	2,933
Investment property		105,641	154,269
Current tax assets		177,500	1,070,155
Deferred tax assets		-	54,449
Property, equipment and intangible assets		1,103,583	1,225,785
Right-of-use assets		122,363	138,631
Other financial assets		820,415	2,112,157
Other non-financial assets		583,542	664,730
Total assets		183,689,370	175,867,383
Liabilities			
Due to banks	10	3,589,693	2,794,957
Due to customers	11	152,364,186	154,133,564
Derivative financial liabilities		2,375	20,376
Other borrowed funds	12	8,452,569	5,579,937
Provisions	14		
Provisions for loan commitments and financial guarantee contracts		483,606	677,152
Other provisions		148,670	153,335
Other financial liabilities		753,905	648,999
Other non-financial liabilities		689,349	613,411
Deferred tax liabilities		169,646	-
Total liabilities		166,653,999	164,621,731
Equity			
Issued capital		13,837,000	13,837,000
Share premium		135,942	135,942
Result from transactions with the shareholder		(1,102,304)	(1,102,304)
Treasury shares		(518,439)	(518,439)
Reserve and other funds of a bank		1,161,419	967,777
Other reserves		2,630,505	1,528,277
Retained earnings		891,248	(3,602,601)
Total equity		17,035,371	11,245,652
Total equity and liabilities		183,689,370	175,867,383

Authorized and signed on behalf of the Bank management by

Acting Chairman of the Management Board

Chief Accountant

29 October 2024

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**INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
for the nine months ended 30 September 2024**

(UAH thousands)

	Notes	Reporting period		Previous period	
		for the current quarter	for the 9 months ended 30 September 2024	for the corresponding quarter of the previous year	for the 9 months ended 30 September 2023
Interest income		5,219,471	15,657,590	4,741,816	12,588,820
Interest revenue calculated using effective interest method	15	5,202,718	15,601,167	4,723,265	12,528,489
Other interest income		16,753	56,423	18,551	60,331
Commission income	17	607,410	1,682,564	535,181	1,684,789
Other income		690	1,513	-	-
Interest expense	16	(2,544,710)	(8,251,013)	(2,660,404)	(7,847,422)
Commission expense	17	(249,923)	(710,036)	(216,393)	(720,820)
Other expense		(734)	(734)	-	-
Net gain on operations with financial instruments at fair value through profit or loss		1,608	25,282	13,342	294,940
Net gain on operations with debt financial instruments, at fair value through other comprehensive income		127,338	358,804	2,185	8,554
Net gain from trading in foreign currencies		94,900	231,068	32,272	162,291
Net (loss) /gain from revaluation of foreign exchange		(38,366)	(48,058)	56,071	153,927
Reversal of impairment loss/ (Impairment loss) in accordance with IFRS 9	8, 9, 18	(251,863)	70,090	(821,817)	161,694
Other gains		96,433	224,980	18,669	159,817
Employee benefits expense		(756,145)	(2,422,287)	(713,251)	(2,186,934)
Depreciation and amortisation expense		(117,510)	(367,027)	(107,216)	(303,076)
Other administrative and operating expense		(326,638)	(939,851)	(224,352)	(762,267)
Reversal of impairment loss/ (Impairment loss) for non-financial assets	18	(3,475)	42,875	(328)	(22,894)
Profit from operating activities		1,858,486	5,555,760	655,775	3,371,419
Loss arising from derecognition of financial assets measured at amortised cost		(1,090)	(645)	(4,464)	(5,265)
Profit before income tax		1,857,396	5,555,115	651,311	3,366,154
Tax income (expense)		(484,773)	(882,116)	(326,340)	(445,116)
Profit		1,372,623	4,672,999	324,971	2,921,038

The accompanying notes on pages 6 to 43 are an integral part of these interim condensed financial statements.

**INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (continued)**

for the nine months ended 30 September 2024

(UAH thousands)

	Reporting period		Previous period	
	for the current quarter	for the 9 months ended 30 September 2024	for the corresponding quarter of the previous year	for the 9 months ended 30 September 2023
Statement of Comprehensive Income				
Other comprehensive income				
Components of other comprehensive income that will be reclassified to profit or loss, before income tax				
Net change in fair value of debt instruments at fair value through other comprehensive income	(306,620)	1,350,317	626,852	1,442,649
Reclassification of cumulative income (loss) on disposal of debt instruments at fair value through other comprehensive income to profit or loss	(127,338)	(358,804)	(2,185)	(8,554)
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	(111,262)	359,837	(105,064)	81,734
Net change in fair value of investments in equity instruments at fair value through other comprehensive income	2	3	-	(1,482)
Total other comprehensive income / (loss), that will be reclassified to profit or loss, before income tax	(545,218)	1,351,353	519,603	1,514,347
Total other comprehensive income / (loss), before income tax	(545,218)	1,351,353	519,603	1,514,347
Income tax relating to changes in revaluation surplus of property, plant and equipment, right-of-use assets and intangible assets included in other comprehensive income	-	(5,903)	-	-
Income tax refund /(Income taxes) related to financial assets measured at fair value through other comprehensive income included in other comprehensive income	108,523	(228,730)	(80,872)	(114,496)
Total other comprehensive income / (loss)	(436,695)	1,116,720	438,731	1,399,851
Total comprehensive income	935,928	5,789,719	763,702	4,320,889
Weighted average number of shares (in thousands)		13,837,000	13,837,000	13,837,000
Basic earnings per share (in UAH)		0.34	0.02	0.21

Authorized and signed on behalf of the Bank management by

Acting Chairman of the Management Board

Chief Accountant

29 October 2024

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INTERIM STATEMENT OF CHANGES IN EQUITY

for the nine month ended 30 September 2024

(UAH thousands)

	Issued capital	Share premium	Result from transactions with the shareholder	Treasury shares	Reserve and other funds of a bank	Revaluation surplus	Other reserves		Retained earnings	Total equity
							Reserve of gains and losses on financial assets measured at fair value through other comprehensive income	Reserve of gains and losses from investments in equity instruments		
As at 1 January 2023	13,837,000	135,942	(1,102,304)	(518,439)	967,777	233,920	(1,096,436)	(1,925)	(5,539,413)	6,916,122
Profit	-	-	-	-	-	-	-	-	2,921,038	2,921,038
Other comprehensive income	-	-	-	-	-	-	1,401,333	(1,482)	-	1,399,851
Comprehensive income	-	-	-	-	-	-	1,401,333	(1,482)	2,921,038	4,320,889
Increase (decrease) through other changes, equity	-	-	-	-	-	(386)	-	-	386	-
As at 30 September 2023	13,837,000	135,942	(1,102,304)	(518,439)	967,777	233,534	304,897	(3,407)	(2,617,989)	11,237,011
As at 1 January 2024	13,837,000	135,942	(1,102,304)	(518,439)	967,777	202,991	1,328,691	(3,405)	(3,602,601)	11,245,652
Profit	-	-	-	-	-	-	-	-	4,672,999	4,672,999
Other comprehensive income	-	-	-	-	-	(5,903)	1,122,620	3	-	1,116,720
Comprehensive income	-	-	-	-	-	(5,903)	1,122,620	3	4,672,999	5,789,719
Increase (decrease) through other changes, equity	-	-	-	-	-	(14,492)	-	-	14,492	-
Distribution of previous year's profit	-	-	-	-	193,642	-	-	-	(193,642)	-
As at 30 September 2024	13,837,000	135,942	(1,102,304)	(518,439)	1,161,419	182,596	2,451,311	(3,402)	891,248	17,035,371

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INTERIM STATEMENT OF CASH FLOWS (direct method)

for the nine month ended 30 September 2024

(UAH thousands)

Notes	For the 9 months ended 30 September 2024	For the 9 months ended 30 September 2023
Cash flows from (used in) operating activities		
Interest received	17,224,013	12,446,041
Interest paid	(8,406,606)	(7,483,451)
Fees and commissions received	1,690,880	1,713,661
Fees and commissions paid	(710,036)	(720,821)
Net gain from trading in foreign currencies	231,067	162,291
Result on operations with derivative financial instruments	5,815	301,737
Other gains received	208,270	185,354
Employee benefits expense	(2,335,107)	(2,116,041)
Other administrative and operating expense	(992,999)	(991,661)
Cash flows from (used in) operating activities before changes in operating assets and liabilities	6,915,297	3,497,110
<i>Net increase/(decrease) in operating assets</i>		
Loans and other balances with banks	316,184	528,685
Loans and advances to customers	(3,518,158)	5,546,100
Other assets	508,135	153,606
<i>Net increase/(decrease) in operating liabilities</i>		
Due to banks	659,257	(1,829,599)
Due to customers	(5,624,402)	16,676,280
Other liabilities	509,002	(79,798)
Net cash flows from (used in) operating activities before income taxes	(234,685)	24,492,384
Income taxes paid	-	-
Net cash flows from (used in) operating activities	(234,685)	24,492,384
Cash flows from (used in) investing activities		
Acquisition of securities	(59,124,863)	(60,244,758)
Proceeds on sale and repayment of securities	58,625,397	35,570,780
Acquisition of property and equipment and intangible assets	(179,263)	(187,188)
Proceeds on disposal of property and equipment	209	1,434
Proceeds on investment property	75,135	9,544
Proceeds on disposal of other property	21,633	296
Net cash flows from (used in) investing activities	(581,752)	(24,849,892)
Cash flows from (used in) financing activities		
Proceeds of borrowed funds from credit institutions	3,247,310	1,325,603
Repayment of borrowed funds from credit institutions	(607,874)	(176,090)
Repayment of lease liability principal amount	(54,896)	(61,620)
Net cash flows from (used in) financing activities	2,584,540	1,087,893
Effect of exchange rate changes on cash and cash equivalents	2,176,880	123,415
Effect of expected credit losses on cash and cash equivalents	(5,718)	(8,192)
Net increase/(decrease) in cash and cash equivalents	3,939,265	845,608
Cash and cash equivalents at the beginning of the period	49,749,451	35,346,787
Cash and cash equivalents at the end of the period	53,688,716	36,192,395

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29 October 2024

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(in thousands of Ukrainian hryvnias, unless otherwise indicated)

1. General information

Organizational structure and operations

PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK" (the "Bank") was established on 21 July 1993 based on the merger of several commercial banks. Since September 2009, the Government of Ukraine exercises control over the Bank by holding a majority stake of its share capital.

The Bank is engaged in accepting deposits from Retail banking and Corporate banking and extending loans, transferring payments in Ukraine and abroad, exchanging currencies and providing other banking services to its corporate and retail customers. The Bank Head Office is located in Kyiv. As at 30 September 2024 the Bank network consisted of 218 registered outlets (including 215 operating outlets) (2023: 223 registered outlets, including 220 operating outlets)) in different regions of Ukraine. The registered address of the Bank is : 1 Yerevanska St., Kyiv, Ukraine. The Bank mailing address: 19, 21,23 Staronavodnytska St., Kyiv, Ukraine.

As at 30 September 2024 and 31 December 2023, the Bank issued shares were held by the following shareholders:

Shareholder	30 September 2024, 31 December 2023,	
	%	%
Ministry of Finance of Ukraine	94.94	94.94
Other	5.06	5.06
Total	100.00	100.00

As at 30 September 2024 and 31 December 2023, the Bank ultimate controlling party was the state of Ukraine represented by the Ministry of Finance of Ukraine.

The Bank has no subsidiaries.

These interim condensed financial statements have been authorized for issue and signed by the Bank management 29 October 2024.

2. Operating environment

The Bank activities are influenced by the economy and financial markets of Ukraine, which demonstrate characteristics of a developing market. Legal, tax and administrative systems continue to develop, but are associated with the risk of ambiguity in the interpretation of their requirements, which are also subject to frequent changes, which, together with other legal and fiscal obstacles, creates additional problems for entities that conduct business in Ukraine.

On 24 February 2022, the Russian Federation launched a full-scale military invasion to Ukraine. The ongoing war has led to significant civilian casualties, massive displacement of the population, damage to infrastructure, electricity outages, and overall significant disruption to economic activity in Ukraine. This also had a detrimental and long-lasting impact on the political and business environment in Ukraine, including on the ability of many entities to continue business as usual. In response to the military invasion, the President of Ukraine introduced the state of martial law, which is currently extended until 09 November 2024.

Throughout 2023 and early 2024, active hostilities remain intense, albeit concentrated in eastern and southern Ukraine, and the Autonomous Republic of Crimea and most of the territory of Donetsk, Luhansk, Kherson and Zaporizhzhia regions are still under occupation. Additionally, since October 2022, the Russian Federation has launched missile and drone attacks that have affected the power grid as well as other critical civilian infrastructure across Ukraine.

Annual inflation in the 3rd quarter of 2024 accelerated to 6.5% in annual terms. The discount rate of the National Bank of Ukraine (hereinafter referred to as the NBU) remained at 13%. The NBU will continue to flexibly adapt monetary policy in the event of a deviation of the dynamics of macroeconomic indicators from expectations and significant changes in the balance of risks for inflation, stability of the currency market and economic development. International reserves are maintained at a sufficient level to ensure the stability of the foreign exchange market. The budget balance continues to show a significant deficit caused by defense and national security-related expenditures. International financial support and measures to mobilize domestic resources should help the government to finance the budget deficit without resorting to emission sources of financing. A prolonged, high-intensity war that would exhaust the country is the main risk to the economy. Other risks remain, most of which are also directly or indirectly related to the course of the war.

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

From a full-scale military invasion, the NBU introduced certain administrative restrictions on currency conversion transactions and capital movements, including restrictions on interest and dividend payments abroad. Due to these restrictions, UAH lacks exchangeability and is not freely convertible. From August 2023, the National Bank of Ukraine is gradually easing a number of restrictions for the population and businesses.

Throughout August 2024, international rating agencies downgraded Ukraine's sovereign credit rating in foreign currency to the level of selective default ("RD" - limited default) in connection with the partial restructuring procedures for Eurobonds. At the same time, the ratings in the national currency remained at the level of "CCC+", since the debt in the national currency is excluded from the restructuring agreements with external commercial creditors.

In December 2023, amendments were made to the Tax Code of Ukraine, which set the income tax rate for banks based on the results of 2023 at the level of 50%, and starting from 2024, the income tax rate at the level of 25%. The income tax rate for the nine months ended 30 September 2023 results was set at 18%.

According to the decisions of the NBU, public sector banks, including JSC "UKRGAZBANK", are included in the list of critical infrastructure facilities in the banking system of Ukraine and the list of authorized banks of Ukraine that are involved in the operating during a special period.

3. Basis of preparation

(a) Statement of compliance

These interim condensed financial statement of the Bank has been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting," which should be read in conjunction with the Bank published annual interim condensed financial statements for the year 2023. This interim condensed financial statement does not include all the information required for a complete set of interim condensed financial statements in accordance with IFRS accounting standards issued by the International Accounting Standards Board but only specific disclosures to explain events and transactions that are significant for understanding the changes in the financial position and results of the Bank operations since the date of the last annual financial statements.

These interim condensed financial statement includes the following components: an interim statement of financial position as of the end of the period; a interim statement of profit or loss and other comprehensive income for the period; an interim statement of changes in equity for the period; an interim statement of cash flows for the period; notes containing a summary of significant accounting policies and other explanatory information. This interim financial statement provides disclosures regarding the principal changes in the composition of assets and liabilities, income, expenses, and equity for the period that occurred since the date of submission of the financial statements for the previous reporting period.

(b) Basis of measurement

These interim condensed financial statements have been prepared on the historical cost basis, except for buildings that are carried at revalued amount, investment property carried at fair value, assets held for sale, which are carried at the lower of carrying amount or fair value less cost to sell, and financial instruments measured at fair value, as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date, regardless of whether that price is directly observable in the market or is assessed using a different valuation technique. In measuring the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability as if the market participants took those characteristics into account when pricing the asset or liability at the measurement date.

(c) Going concern

Under the current circumstances, the Bank continues its operational activities.

As of 30 September 2024, as per the requirements of the National Bank of Ukraine, JSB "UKRGASBANK" has 121 core outlets (outlets of the Bank that are equipped with generators and have guaranteed backup communication lines and/or are equipped with Starlink satellite communication and are able to work in blackout conditions), which is 56% of the total network of the Bank. The Bank has a Business Continuity Plan. In addition to the core outlets, other outlets of the Bank were provided with generators, backup communication channels, etc. In total, 200 outlets were provided with generators.

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

The Cabinet of Ministers of Ukraine, by its Resolution No. 356-r dated 7 May 2022, approved the Main (Strategic) Areas of Activity for Public Sector Banks for the Period of Martial Law and Post-War Economic Recovery ("the Main Areas"). The Main Areas provide for the active participation of banks in providing for the financial stability of Ukraine, support and functioning of the banking sector, securing financing for priority sectors of the economy and the uninterrupted operation of critical infrastructure facilities, including those owned by the state.

In addition, the Main Directions determined that during the period of martial law, it is irrelevant and impractical to achieve the performance indicators of state sector banks expected in peacetime, defined by the Principles of Strategic Reform of the State Banking Sector (Strategic Principles) as of 2 September 2020, including impossible to carry out key aspects, priorities and performance indicators determined by the development strategies of each of the public sector banks.

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

Today, the Bank continues to function as a universal bank with a full range of banking services to all categories of customers and ensures the implementation of the strategic goals of public sector banks in line with the Main Areas and the Budget of the Bank for 2024.

As at 30 September 2024, the Bank has breached non-financial covenants for loans received from credit institutions, which provide for the event of default and cross-default under loan agreements in the amount of UAH 8,452,569 thousand. The Bank obtained waiver from 1 creditor with regard to covenants breached for the period until 31 December 2024, with a loan amounted to UAH 620,706 thousand, and from another creditor, with a loan amounted to UAH 5,326,178 thousand, without time limit. Other loans received from credit institutions, for which the Bank did not receive the waiver to fulfill non-financial covenants, were shown as on demand in the amount of UAH 2,505,685 thousand as at 30 September 2024 (Note 19). As at 30 September 2024, the Bank is in constant communication with creditors and expects to receive from creditors the necessary waivers until the end of 2024. The Bank has sufficient funds to continue its uninterrupted activities and will not require additional financing for settlement of these loans. As at the date of approval of these financial statements, the lenders have provided neither claims for early repayment of debt.

Based on the results of the Bank stability assessment conducted by the NBU in 2023, the necessary level of capital adequacy was determined for the Bank. In accordance with the requirements of the legislation, the Bank has developed an appropriate capitalization program, which provides for compliance with capital adequacy standards at the current regulatory level until 30 September 2024, and compliance with the increased necessary threshold levels of capital adequacy standards until 31 March 2026. The developed capitalization program was submitted to the NBU for approval on 26 March 2024. As at 30 September 2024, the Bank adheres to the current capitalization program.

As of 30 September 2024 the Bank complies with all prudential regulations, currency position limits and current requirements for capital standards provided for by the capitalization program.

The Management of the Bank monitors the development of the current situation in Ukraine caused by the armed conflict, and takes measures, if necessary, to minimize any negative consequences as much as possible and provide a full range of banking services.

However, the continuation of military operations may have negative consequences for the Bank activities. Furthermore, the hostilities can also lead to extension of the current or introduction of additional administrative restrictions from the NBU, which may pose a threat to the Bank operations and cause further disruption of the financing for both the Bank and its customers.

Therefore, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Bank ability to continue as a going concern. These interim condensed financial statements have been prepared on a going concern basis and do not include any adjustments that would be necessary had the Bank been unable to continue as a going concern.

These interim condensed financial statements reflect management's current assessment of the impact of the Ukrainian business environment on the Bank operations and financial position. Future operating conditions may differ from management's assessments.

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

(d) Functional and presentation currency

These interim condensed financial statements are presented in thousands of Ukrainian hryvnias, unless otherwise indicated. The Bank functional and presentation currency is the Ukrainian hryvnia ("UAH").

4. Significant accounting policies

In preparing this interim condensed financial statement, the same accounting policies and calculation methods were applied as those used in preparing the latest annual financial statements, except as specified below.

Taxation

The income tax expense recognized in interim period is based on the best estimate of the weighted-average annual income tax rate expected for the full year in accordance with tax legislation of Ukraine applied to the pre-tax income of the interim period

Changes in accounting policies

The Bank applied certain amendments that became effective for the annual reporting periods beginning on or after 1 January 2024. The Bank has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective

Application of new and revised International Financial Reporting Standards ("IFRS")

New and revised IFRS

From 1 January 2024 and later, the following amendments to IFRS enter into force:

- ▶ Amendments to IAS 1 "Presentation of financial statements" - "Classification of liabilities as current and non-current";
- ▶ Amendments to IAS 1 "Presentation of financial statements" - "Non-current liabilities with special conditions";
- ▶ Amendments to IFRS 16 "Lease" - "Lease obligation in sale and leaseback transactions";
- ▶ Amendments to IAS 7 and IFRS 7 - "Supplier financing agreements".

Amendments to IAS 1 "Presentation of financial statements" - "Classification of liabilities as current and non-current". It has been clarified that a liability is classified as non-current if the entity has the right to postpone the settlement of the liability for at least 12 months - this right must exist at the end of the reporting period. The right to defer settlement of the liability for at least 12 months after the end of the reporting period must be real and must exist at the end of the reporting period, regardless of whether the entity plans to exercise this right. If the right to postpone the settlement of the obligation depends on the fulfillment of certain conditions by the economic entity, then such right exists as of the end of the reporting period only if the economic entity has fulfilled these conditions as of the end of the reporting period. It is necessary to fulfill these conditions on the date of the end of the reporting period, even if the verification of their fulfillment is carried out by the creditor later. The classification of the liability is not affected by the probability that the entity will exercise its right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Amendments to IAS 1 "Presentation of financial statements" - "Non-current liabilities with special conditions" provide that an entity may classify liabilities arising under a credit agreement as non-current if the entity's right to defer repayment these obligations are conditioned by the economic entity fulfillment of special conditions within twelve months after the end of the reporting period. In particular, the notes will need to disclose information that enables users of the interim condensed financial statements to understand the risk that the liability may become recoverable within 12 months after the end of the reporting period: a) information about special conditions (including the nature of special conditions and when the economic entity is required to fulfill them) and the book value of related liabilities; b) facts and circumstances, if any, which indicate that it may be difficult for the business entity to comply with special conditions: for example, that the business entity during the reporting period or after its completion has taken actions aimed at avoiding or limiting the consequences of a potential violation.

From 1 January 2025, the following amendments to IFRS will enter into force:

- ▶ Amendments to IAS 21 "Effect of changes in exchange rates" - "Lack of convertibility".

The above-mentioned changes do not have a material impact on the interim condensed financial statements.

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

5. Significant accounting judgments and estimates

The preparation of the interim condensed financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies is as follows.

In preparing this interim condensed financial statement, the same significant accounting judgments and estimates were applied as those used in preparing the latest annual financial statements.

Management has prepared these interim condensed financial statements on a going concern basis. Forming such a professional judgment, the management took into account the Bank financial condition, its intentions, the budgeted profitability of operations in the future and access to financial resources, as well as analyzed the impact of the current financial and economic situation on the Bank future activities. (Note 3)

6. Segment information

For management purposes, the Bank has defined five operating segments based on its products and services, which are as follows:

Corporate banking:	Mainly granting purpose loans, servicing deposits and current accounts of customers whose activities meet certain criteria and limits.
Customers of small and medium-sized enterprises (hereinafter – "SME"):	Mainly customer servicing under target lending programs, deposits and current accounts of customers whose activities meet certain criteria and limits and attracting funds from state organizations for targeted customer lending.
Retail banking:	Mainly servicing individual customer deposits and granting consumer loans, overdrafts, handling credit cards and funds transfer facilities and attracting funds from state organizations for targeted customer lending..
Financial institutions, treasury and investment business:	The main components are interbank operations, operations with securities, operations with foreign currencies and bank metals, depository operations, operations with financial institutions.
Other activities:	A key element of other types of activities is the internal bank function, through which internal funding is carried out between segments of business areas. The financial result of the internal bank, formed by the transfer result between the Bank divisions, refers to other types of activities. Additionally, the segment carries out operational leasing operations, return of previously written-off assets, revaluation, increase/ decrease the usefulness of non-current assets and other centralized management functions, including distribution general banking expenses of the Bank departments etc.

In the interim condensed financial statements For the 9 months ended 30 September 2024, the Bank added intersegment revenues and expenses to segment results. Changes in the comparative period For the 9 months ended 30 September 2023 were also added to the results of the reporting segments.

For the purposes of this note, the management of the Bank refers to the Chairperson and members of the Bank Management Board, as well as the heads of the Bank business units.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance, as explained in the table below, is measured differently from profit or loss in the financial statements. Income taxes are managed centrally and are not allocated to operating segments.

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

Substantial reconciliation items include intersegment revenues and expenses, including in the part of the transfer result, bank-wide expenses (distribution) of the support units of the main institution of the Bank and the apparatus of directorates and branches, teller divisions.

The basis for allocation and redistribution of bank-wide support costs is the number of personnel of the relevant business line.

The segment information below is presented on the basis used by the Bank chief operating officer to evaluate performance, in accordance with IFRS 8 *Operating Segments*. Management reviews discrete financial information for each of its segments, including estimates of operating results, assets, and liabilities.

During the nine months ended 30 September of 2024, the Bank received revenue from transactions with the Client 1 in the amount of UAH 5,605,706 04 thousand (30.91%) and with the Client 2 in the amount of UAH 2,380,971 thousand (13.13%). During the nine months ended 30 September of 2023, the Bank revenue from transactions with the Client 1 amounted to UAH 3,397,258 thousand (22.74%).

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

For the 9 month ended 30 September 2024	Operating segments					Total
	Corporate banking	SME	Retail banking	Financial institution, treasury and investment business	Other activities	
Interest income	4,508,022	1,409,610	524,350	9,215,608	-	15,657,590
Interest expense	(5,012,475)	(1,659,309)	(1,408,728)	(163,009)	(7,492)	(8,251,013)
Transfer income/expenses	2,217,910	1,124,156	2,176,889	(8,184,590)	2,665,635	-
Interest income (expenses) taking into account transfer income/expenses	1,713,457	874,457	1,292,511	868,009	2,658,143	7,406,577
Commission income	609,483	445,969	603,701	23,411	-	1,682,564
Commission expense	(146,791)	(36,748)	(473,513)	(52,984)	-	(710,036)
Depreciation costs with consideration of inter-segment distribution	(63,456)	(92,320)	(194,527)	(16,481)	(243)	(367,027)
Significant items of income and expenses distribution	(187,350)	(769,170)	(1,278,960)	(227,080)	5,597	(2,456,963)
Profit (loss) before income tax	1,925,343	422,188	(50,788)	594,875	2,663,497	5,555,115
Tax income (expense) (income from tax refunds)					(882,116)	(882,116)
Profit (loss)	1,925,343	422,188	(50,788)	594,875	1,781,381	4,672,999
Assets	50,242,692	11,120,611	8,107,545	112,194,025	2,024,497	183,689,370
Liabilities	93,434,654	27,209,095	38,652,117	6,203,547	1,154,586	166,653,999
Other segment information						
Capital expenditures	17,896	10,490	35,911	-	114,966	179,263

For the 9 month ended 30 September 2024 / 31 December 2023	Operating segments					Total
	Corporate banking	SME	Retail banking	Financial institution, treasury and investment business	Other activities	
Interest income	4,594,402	1,039,707	441,523	6,513,188	-	12,588,820
Interest expense	(4,678,049)	(1,591,186)	(1,228,925)	(340,543)	(8,719)	(7,847,422)
Transfer income/expenses	1,480,064	1,151,189	1,839,863	(5,189,538)	718,422	-

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

<i>For the 9 month ended 30 September 2024 / 31 December 2023</i>	Operating segments					Total
	Corporate banking	SME	Retail banking	Financial institution, treasury and investment business	Other activities	
Interest income (expenses) taking into account transfer income/expenses	1,396,417	599,710	1,052,461	983,107	709,703	4,741,398
Commission income	605,118	387,368	539,805	75,944	76,554	1,684,789
Commission expense	(137,526)	(26,795)	(413,014)	(110,974)	(32,511)	(720,820)
Depreciation costs with consideration of inter- segment allocation	(57,469)	(82,241)	(152,927)	(10,359)	(80)	(303,076)
Significant items of income and expenses allocation	(215,912)	(855,906)	(1,046,663)	121,234	(38,890)	(2,036,137)
Profit (loss) before income tax	1,590,628	22,136	(20,338)	1,058,952	714,776	3,366,154
Tax income (expense) (income from tax refunds)					(445,116)	(445,116)
Profit (loss)	1,590,628	22,136	(20,338)	1,058,952	269,660	2,921,038
Assets	48,407,547	9,673,540	6,261,544	107,662,646	3,862,106	175,867,383
Liabilities	92,684,287	29,422,361	35,934,903	5,489,882	1,090,298	164,621,731
Other segment information						
Capital expenditures	7,738	3,839	22,214	–	153,397	187,188

7. Cash and cash equivalents

Cash and cash equivalents comprise:

	30 September 2024	31 December 2023
Current accounts with other credit institutions	26,482,367	21,207,261
Current accounts with the National Bank of Ukraine	13,308,921	10,374,688
Deposit certificates of the National Bank of Ukraine (overnight)	10,003,552	15,018,493
Cash on hand	3,906,434	3,155,849
	53,701,274	49,756,291
Less: expected credit losses	(12,558)	(6,840)
Cash and cash equivalents	53,688,716	49,749,451

The current accounts with the National Bank of Ukraine represent the amounts for daily settlements and other operations of the Bank. There are no restrictions of access to the funds placed on the current accounts with the National Bank of Ukraine.

As at 30 September 2024 and 31 December 2023, the Bank complied with the requirements of the National Bank of Ukraine regarding the obligatory reserve amounts.

In terms of cash and cash equivalents, the Bank has not identified an event of increase of credit risk and classifies these assets in Stage 1 due to their short-term nature and quick period of update on the balance sheet.

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

8. Loans and advances to customers

Loans and advances to customers comprise:

	30 September 2024	31 December 2023
Corporate banking	60,387,990	58,093,443
SME	12,477,413	11,012,747
Retail banking	9,033,134	6,759,984
Gross loans and advances to customers	81,898,537	75,866,174
Less: expected credit losses	(12,963,493)	(12,533,227)
Loans and advances to customers	68,935,044	63,332,947

As at 30 September 2024, loans and advances to customers included loans and advances to customers of UAH 15,017 thousand (2023: UAH 29,531 thousand), the contractual terms of which do not comply to the terms of the basic lending arrangement, and which are measured at FVTPL. Information regarding fair value measurement of loans and advances to customers which are measured at FVTPL is provided in Note 20.

As at 30 September 2024, loans and advances to customers included loans and advances to customers of UAH 10,588 thousand (2023: UAH 2,925 thousand) held under the business model, the purpose of which is to retain financial assets to obtain contractual cash flows and sales. Information regarding fair value measurement of loans and advances to customers which are measured at FVOCI is provided in Note 20.

As at 30 September 2024, the amount of loans to Corporate banking and SMEs located in the territories occupied as a result of the military operations amounted to UAH 2,749,009 thousand, for which a provision of UAH 2,531,993 thousand was created (2023: UAH 2,775,432 thousand, for which a provision of UAH 2,524,078 thousand, accordingly).

As at 30 September 2024, the amount of loans to Retail banking located in the territories occupied as a result of military operations amounted to UAH 43,737 thousand, for which a provision of UAH 30,203 thousand was created (2023: UAH 60,056 thousand, for which a provision of UAH 43,826 thousand, accordingly).

The bank is an authorized person-participant of the state program of affordable mortgage lending to Retail banking "eOselya". As at 30 September 2024, the amount of loans to Retail banking issued under this program is UAH 5,269,543 thousand. (2023: UAH 2,363,423 thousand).

The analysis of changes in the gross carrying value for the nine months ended 30 September 2024, excluding loans and advances to customers which are measured at FVOCI, is as follows:

Corporate banking	Stage 1	Stage 2	Stage 3	POCI	Total
As at 1 January 2024	14,031,854	28,252,397	15,190,530	618,662	58,093,443
New assets and other changes					
in existing assets	22,479,048	4,768,265	336,524	74,879	27,658,716
Repaid assets	(19,378,233)	(7,151,081)	(1,015,004)	(86,899)	(27,631,217)
Transfer to Stage 1	11,147,668	(11,146,810)	(858)	-	-
Transfer to Stage 2	(3,578,913)	3,700,787	(121,874)	-	-
Transfer to Stage 3	(679,518)	(34,545)	714,063	-	-
Amounts written off or derecognised as a result of a significant modification	-	-	(156,045)	(16,916)	(172,961)
Foreign exchange differences	561,157	915,596	935,111	28,145	2,440,009
As at 30 September 2024	24,583,063	19,304,609	15,882,447	617,871	60,387,990

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

SME	Stage 1	Stage 2	Stage 3	POCI	Total
As at 1 January 2024	5,883,721	2,683,581	2,416,542	(628)	10,983,216
New assets and other changes					
in existing assets	5,577,285	139,647	104,577	-	5,821,509
Repaid assets	(3,177,891)	(801,995)	(529,739)	-	(4,509,625)
Transfer to Stage 1	1,716,031	(1,707,180)	(8,851)	-	-
Transfer to Stage 2	(1,203,033)	1,234,328	(31,295)	-	-
Transfer to Stage 3	(42,696)	(113,727)	156,423	-	-
Amounts written off or derecognised as a result of a significant modification	-	-	(3,290)	-	(3,290)
Foreign exchange differences	39,084	52,939	78,563	-	170,586
As at 30 September 2024	8,792,501	1,487,593	2,182,930	(628)	12,462,396

Retail banking	Stage 1	Stage 2	Stage 3	POCI	Total
As at 1 January 2024	4,866,337	52,023	1,822,664	18,960	6,759,984
New assets and other changes					
in existing assets	3,630,793	3,763	12,954	1,051	3,648,561
Repaid assets	(1,166,121)	(16,772)	(97,843)	(2,663)	(1,283,399)
Transfer to Stage 1	86,494	(63,657)	(22,837)	-	-
Transfer to Stage 2	(104,891)	107,053	(2,162)	-	-
Transfer to Stage 3	(7,802)	(43,785)	51,587	-	-
Amounts written off or derecognised as a result of a significant modification	(695)	(738)	(195,567)	-	(197,000)
Foreign exchange differences	597	81	104,310	-	104,988
As at 30 September 2024	7,304,712	37,968	1,673,106	17,348	9,033,134

The new assets and other changes in assets, in addition to the emergence of new assets, also include the accrual of interest and the disbursement of loans within open credit facilities at the appropriate stages during the nine months ended 30 September 2024.

The analysis of changes in the gross carrying value for the nine months ended 30 September 2023, excluding loans and advances to customers which are measured at FVOCI, is as follows:

Corporate banking	Stage 1	Stage 2	Stage 3	POCI	Total
As at 1 January 2023	17,315,721	28,785,249	14,533,693	567,325	61,201,988
New assets and other changes					
in existing assets	13,032,715	3,239,981	569,877	24,665	16,867,238
Repaid assets	(15,750,265)	(5,341,050)	(1,202,696)	(11,990)	(22,306,001)
Transfer to Stage 1	4,709,097	(4,709,097)	-	-	-
Transfer to Stage 2	(5,480,910)	7,460,721	(1,979,811)	-	-
Transfer to Stage 3	(71,507)	(1,936,098)	2,007,605	-	-
Amounts written off or derecognised as a result of a significant modification	-	-	(384,227)	-	(384,227)
Foreign exchange differences	(102,765)	12,315	(29,655)	-	(120,105)
As at 30 September 2023	13,652,086	27,512,021	13,514,786	580,000	55,258,893

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

SME	Stage 1	Stage 2	Stage 3	POCI	Total
As at 1 January 2024	21,036	12,800	1,331,629	(628)	1,364,837
New assets	24,397	-	-	-	24,397
Repaid assets	(361)	(312)	(24,188)	-	(24,861)
Transfer to Stage 1	15,402	(9,758)	(5,644)	-	-
Transfer to Stage 2	(4,262)	12,539	(8,277)	-	-
Transfer to Stage 3	(4,641)	(10,921)	15,562	-	-
Changes in expected credit losses	(23,441)	12,902	(85,023)	-	(95,562)
<i>Total allowance expense before the effect of foreign exchange difference</i>	7,094	4,450	(107,570)	-	(96,026)
Changes in impaired interest	-	-	60,359	-	60,359
Amounts written off	-	-	(3,290)	-	(3,290)
Foreign exchange differences	120	43	63,391	-	63,554
As at 30 September 2024	28,250	17,293	1,344,519	(628)	1,389,434

Retail banking	Stage 1	Stage 2	Stage 3	POCI	Total
As at 1 January 2024	11,105	4,273	1,450,937	13,383	1,479,698
New assets	10,294	2	-	216	10,512
Repaid assets	(1,005)	(2,133)	(20,109)	-	(23,247)
Transfer to Stage 1	24,973	(11,441)	(13,532)	-	-
Transfer to Stage 2	(4,873)	6,362	(1,489)	-	-
Transfer to Stage 3	(5,649)	(12,838)	18,487	-	-
Changes in expected credit losses	(7,909)	22,881	(25,230)	(7,789)	(18,047)
<i>Total allowance expense before the effect of foreign exchange difference</i>	15,831	2,833	(41,873)	(7,573)	(30,782)
Changes in impaired interest	-	-	9,836	-	9,836
Amounts written off	(695)	(738)	(195,567)	-	(197,000)
Foreign exchange differences	4	2	84,887	-	84,893
As at 30 September 2024	26,245	6,370	1,308,220	5,810	1,346,645

Expected credit losses on loans and advances to customers for the nine months ended 30 September 2023 were as follows:

Corporate banking	Stage 1	Stage 2	Stage 3	POCI	Total
As at 1 January 2023	73,382	765,933	8,479,676	201,464	9,520,455
New assets	84,978	-	-	-	84,978
Repaid assets	(21,324)	(2,893)	(25,417)	-	(49,634)
Transfer to stage 1	15,235	(15,235)	-	-	-
Transfer to stage 2	(36,029)	1,458,237	(1,422,208)	-	-
Transfer to stage 3	(25,771)	(41,577)	67,348	-	-
Change of reserve	(55,024)	(1,816,761)	931,962	(39,756)	(979,579)
<i>Total credit loss expense before the effect of exchange differences</i>	(37,935)	(418,229)	(448,315)	(39,756)	(944,235)
Changes in impaired interest	-	-	390,804	14,034	404,838
Amounts written off	-	-	(384,227)	-	(384,227)
Exchange differences	(332)	(7,976)	(26,436)	-	(34,744)
As at 30 September 2023	35,115	339,728	8,011,502	175,742	8,562,087

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

SME	Stage 1	Stage 2	Stage 3	POCI	Total
As at 1 January 2023	49,575	90,312	1,472,935	-	1,612,822
New assets	17,024	-	13	-	17,037
Repaid assets	(929)	(597)	(6,492)	-	(8,018)
Transfer to stage 1	27,693	(24,918)	(2,775)	-	-
Transfer to stage 2	(29,479)	47,950	(18,471)	-	-
Transfer to stage 3	(45)	(18,835)	18,880	-	-
Change of reserve	(39,557)	(63,639)	172,001	-	68,805
<i>Total credit loss expense before the effect of exchange differences</i>	<i>(25,293)</i>	<i>(60,039)</i>	<i>163,156</i>	<i>-</i>	<i>77,824</i>
Changes in impaired interest	-	-	102,396	-	102,396
Amounts written off	-	-	(3,849)	-	(3,849)
Exchange differences	(27)	536	(2,255)	-	(1,746)
As at 30 September 2023	24,255	30,809	1,732,383	-	1,787,447

Retail banking	Stage 1	Stage 2	Stage 3	POCI	Total
As at 1 January 2023	77,463	30,680	1,685,648	6,956	1,800,747
New assets	23,695	-	2,058	1,282	27,035
Repaid assets	(2,798)	(3,487)	(29,389)	(20)	(35,694)
Transfer to stage 1	126,596	(41,148)	(85,448)	-	-
Transfer to stage 2	(41,404)	57,430	(16,026)	-	-
Transfer to stage 3	(5,935)	(66,304)	72,239	-	-
Change of reserve	(165,486)	28,831	(74,132)	(5,345)	(216,132)
<i>Total credit loss expense before the effect of exchange differences</i>	<i>(65,332)</i>	<i>(24,678)</i>	<i>(130,698)</i>	<i>(4,083)</i>	<i>(224,791)</i>
Changes in impaired interest	-	-	26,751	890	27,641
Amounts written off	-	-	(74,471)	(231)	(74,702)
Exchange differences	839	19	(50)	-	808
As at 30 September 2023	12,970	6,021	1,507,180	3,532	1,529,703

Collateral

The following table summarizes the total loan portfolio by types of collateral:

30 September 2024					
Type of collateral	Corporate banking	SME	Retail banking	Total	Of them in Stage 3 and POCI
Deposits	1,035,795	343,983	4,687	1,384,465	402,234
Real estate	25,396,595	3,542,494	7,070,558	36,009,647	9,939,116
Other assets	18,856,417	6,808,902	479,154	26,144,473	4,648,018
Unsecured	15,099,183	1,782,034	1,478,735	18,359,952	5,383,727
Total loans	60,387,990	12,477,413	9,033,134	81,898,537	20,373,095
31 December 2023					
Type of collateral	Corporate banking	SME	Retail banking	Total	Of them in Stage 3 and POCI
Deposits	803,508	411,225	16	1,214,749	38,249
Real estate	23,851,987	3,628,470	4,374,445	31,854,902	9,931,167
Other assets	17,599,772	5,443,654	745,687	23,789,113	4,659,795
Unsecured	15,838,176	1,529,398	1,639,836	19,007,410	5,438,280
Total loans	58,093,443	11,012,747	6,759,984	75,866,174	20,067,491

The above amounts represent the carrying amounts of the loans before expected credit losses and do not represent the fair value of collateral. The Bank assesses the fair value of collateral at the loan origination, change of collateral structure, collateral repossession when the borrower is unable to repay the loan, and in cases and with frequency required by Ukrainian regulations.

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

As at 30 September 2024 and 31 December 2023, other assets include movable property, goods in turnover, etc.

If no of collateral the expected credit losses on loans and advances to customers at Stage 3 as at 30 September 2024 and 31 December 2023 would be higher by:

	30 September 2024	31 December 2023
Corporate banking	4,673,336	4,559,593
SME	688,672	883,034
Retail banking	325,262	222,476
	5,687,270	5,665,103

As at 30 September 2024, loans and advances to customers and finance leases in the amount of UAH 24,482,424 thousand were granted to the ten largest borrowers/groups of Bank related counterparties (29.89% of the total loans to customers); allowance for expected credit losses of UAH 2,779,478 thousand was made for these loans and advances to customers and finance leases (2023: UAH 23,903,598 thousand, or 31.51%, and the allowance for expected credit losses of UAH 2,371,300 thousand).

The loans are primarily granted to the customers operating in Ukraine in the following industries:

	30 September 2024	31 December 2023
Agriculture and food industry	13,698,666	12,059,443
Extraction, trade in gas and fuel	13,133,951	11,730,922
Electric power industry	11,749,514	12,164,048
Trade	10,908,590	10,734,023
Individuals	9,033,134	6,759,984
Real estate	5,965,311	5,627,296
Manufacturing	5,259,885	3,557,854
Transport	3,788,611	3,419,613
Construction	2,078,364	2,164,065
Service sector	1,872,237	1,836,919
Finance	1,261,477	620,674
Metallurgy	828,574	1,983,776
Municipality	224,214	432,482
Telecommunications	29,600	27,390
Other	2,066,409	2,747,685
Total	81,898,537	75,866,174

9. Investments in securities

Investments in securities include:

	30 September 2024	31 December 2023
<i>Investments at fair value through other comprehensive income</i>		
Ukrainian domestic government bonds (UDGB)	53,544,599	44,419,609
State Mortgage Institution bonds	1,255,611	1,192,852
Municipal bonds	1,008,662	1,136,847
Corporate bonds	80,058	98,394
Corporate shares	9,859	9,854
	55,898,789	46,857,556
<i>Investments in securities at fair value at amortized cost</i>		
Deposit certificates issued by the National Bank of Ukraine	874,979	8,871,109
	874,979	8,871,109
Investments in securities	56,773,768	55,728,665

As at 30 September 2024, investments in securities included deposit certificates issued by the National Bank of Ukraine in the amount of UAH 874,979 thousand. (2023: UAH 8,871,109 thousand) held under the business model whose purpose is to hold financial assets to obtain contractual cash flows. Information on investments in securities at fair value at amortized cost, the fair value of which is disclosed, is presented in Note 20.

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

The Bank classifies overnight deposit certificates issued by the National Bank of Ukraine as cash and cash equivalents. Deposit certificates issued by the National Bank of Ukraine with 3 months maturity are classified as investments in securities at fair value at amortized cost.

At its own discretion, the Bank classified certain investments in equity instruments as investments in equity instruments which are measured at fair value through other comprehensive income on the grounds that they are not used for trading purposes.

For the purposes of the table below, movements in gross carrying amount of investments in securities at fair value through other comprehensive income below excluding revaluation:

Investments in securities at fair value through other comprehensive income	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	34,176,603	11,164,308	1,583,141	46,924,052
New created and purchased assets	42,985,581	–	–	42,985,581
Assets repaid	(5,431,487)	(3,203,945)	(105,607)	(8,741,039)
Assets sold	(32,411,362)	(270,060)	–	(32,681,422)
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	–	–	–	–
Transfer to Stage 3	–	–	–	–
Accrued income (expenses)	5,236,191	928,972	123,522	6,288,685
Write-offs	–	–	–	–
Foreign exchange differences	198,151	–	–	198,151
Gross carrying amount as at 30 September 2024	44,753,677	8,619,275	1,601,056	54,974,008

Investments in securities at fair value through other comprehensive income	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	5,895,024	17,354,591	2,015,955	25,265,570
New created and purchased assets	37,747,814	–	–	37,747,814
Assets repaid	(3,199,627)	(3,563,416)	(105,709)	(6,868,752)
Assets sold	(19,205,069)	(2,941,138)	–	(22,146,207)
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	–	–	–	–
Transfer to Stage 3	–	–	–	–
Accrued income (expenses)	2,241,617	1,324,917	158,112	3,724,646
Write-offs	–	–	–	–
Foreign exchange differences	(494)	–	–	(494)
Gross carrying amount as at 30 September 2023	23,479,265	12,174,954	2,068,358	37,722,577

Movements in gross carrying amount of Investments in securities at fair value at amortized cost include:

Investments in securities at fair value at amortized cost	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	8,871,109	–	–	8,871,109
New created and purchased assets	15,393,000	–	–	15,393,000
Assets repaid	(24,164,895)	–	–	(24,164,895)
Assets sold	–	–	–	–
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	–	–	–	–
Transfer to Stage 3	–	–	–	–
Accrued income (expenses)	775,765	–	–	775,765
Write-offs	–	–	–	–
Foreign exchange differences	–	–	–	–
Gross carrying amount as at 30 September 2024	874,979	–	–	874,979

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

Investments in securities at fair value at amortized cost	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	-	-	-	-
New created and purchased assets	22,422,000	-	-	22,422,000
Assets repaid	(10,904,805)	-	-	(10,904,805)
Assets sold	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Accrued income (expenses)	1,164,769	-	324	1,165,093
Write-offs	-	-	-	-
Foreign exchange differences	-	-	-	-
Gross carrying amount as at 30 September 2023	12,681,964	-	324	12,682,288

Changes in expected credit losses of investments in securities at fair value through other comprehensive income for the nine months ended 30 September 2024 were as follows:

Investments in securities at fair value through other comprehensive income	Stage 1	Stage 2	Stage 3	Total
Expected credit losses as at 1 January 2024	923,965	370,562	110,642	1,405,169
New created and purchased assets	828,792	-	-	828,792
Assets repaid	(617)	(7,345)	-	(7,962)
Assets sold	(451,014)	(7,885)	-	(458,899)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Changes in expected credit losses	107,050	(127,845)	18,700	(2,095)
Write-off	-	-	-	-
Exchange differences	2,382	-	-	2,382
Expected credit losses as at 30 September 2024	1,410,558	227,487	129,342	1,767,387

For the purpose of ECL determination of Ukrainian government bonds the Bank applied PD in the range of 8.45% - 26.56% and LGD 50% from international credit agency Fitch based on the Ukraine's credit rating as at 30 September 2024.

Changes in expected credit losses of investments in securities at fair value at amortized cost include for the nine months ended 30 September 2023 were as follows:

Investments at fair value through other comprehensive income	Stage 1	Stage 2	Stage 3	Total
Expected credit losses as at 1 January 2023	139,009	854,204	105,352	1,098,565
New created and purchased assets	630,050	-	-	630,050
Assets repaid	(2,716)	(6,296)	-	(9,012)
Assets sold	(114,733)	(11,205)	-	(125,938)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Changes in expected credit losses	(22,392)	(392,198)	1,548	(413,042)
Write-off	-	-	-	-
Exchange differences	52	-	-	52
Expected credit losses as at 30 September 2023	629,270	444,505	106,900	1,180,675

Breakdown of provisions for expected credit losses on sold and redeemed securities is included in net income from investments measured at fair value through other comprehensive income, in the statement of profit and loss and other comprehensive income.

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

As at 30 September 2024, UDGB with fair value of UAH 13,906,707 thousand (2023: UAH 7,681,278 thousand) were pledged for a long-term loans received from a credit institution (Note 12).

10. Due to banks

Due to banks comprise:

	30 September 2024	31 December 2023
Current accounts	3,457,461	2,598,716
Other amounts due to banks	132,232	196,241
Due to banks	3,589,693	2,794,957

As at 30 September 2024, the balances of due to banks amounted to UAH 2,572,054 thousand (71.65%) raised from three banks (2023: balances amounted to UAH 1,725,988 thousand (61.75%) raised from three banks).

As at 30 September 2024, current accounts due to banks included funds raised in precious metals, which are measured at fair value through profit or loss in the amount to UAH 119,426 thousand (2023: UAH 89,745 thousand).

As at 30 September 2024, the funds of credit institutions include balances in the amount of UAH 8,033 thousand borrowed from banks of the russian federation and the republic of belarus (2023: UAH 8,033 thousand).

11. Due to customers

Due to customers by operating segments comprise:

	30 September 2024	31 December 2023
Current accounts		
- Corporate banking	76,678,060	78,647,725
- SME	12,866,218	13,723,251
- Retail banking	18,287,387	17,802,655
	107,831,665	110,173,631
Time deposits		
- Corporate banking	16,066,832	13,137,863
- SME	13,562,643	15,114,810
- Retail banking	14,903,046	15,707,260
	44,532,521	43,959,933
Due to customers	152,364,186	154,133,564

As at 30 September 2024, balances due to customers of UAH 49,105,846 thousand (32.23%) included the amounts due to ten largest customers of the Bank (2023: UAH 45,970,012 thousand (29.82%)).

As at 30 September 2024, balances due to budget organizations amounted to UAH 1,678,279 thousand and included the amounts due to customers: UAH 1,672,624 thousand - in the Corporate banking segment (2023: UAH 840,933 thousand) and UAH 5,655 thousand - in the SME segment (2023: UAH 1,126 thousand).

As at 30 September 2024, balances due to customers included funds raised in precious metals, which are measured at fair value through profit or loss, in the amount of UAH 25,508 thousand in the Corporate banking segment (2023: UAH 18,563 thousand), UAH 240,568 thousand - in the Retail banking segment (2023: UAH 176,376 thousand).

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

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

	30 September 2024	31 December 2023
Service sector	35,257,204	31,759,784
Individuals	33,268,691	33,613,597
Power engineering	15,711,737	13,156,659
Transport	15,699,582	17,431,057
Production	13,497,212	19,641,843
Mining industry	10,582,793	9,749,638
Trade	8,307,618	10,774,429
Agriculture and food industry	5,917,917	4,088,633
Finance	4,494,704	3,867,146
Insurance	3,227,126	2,513,300
Construction	1,922,917	3,107,956
Metallurgy	1,134,301	1,150,496
Other	3,342,384	3,279,026
Due to customers	152,364,186	154,133,564

As at 30 September 2024, balances due to customers by industry in the Retail banking segment in the amount of UAH 33,268,691 thousand (2023: UAH 33,613,597 thousand) included SME share of due to customers in the amount of UAH 78,258 thousand (2023: UAH 103,682 thousand).

As at 30 September 2024, items attributed to Other included the funds of non-resident Corporate banking of UAH 3,131,691 thousand (2023: UAH 3,108,017 thousand).

As at 30 September 2024, loans and advances to customers were secured by amounts due to customers of UAH 1,384,465 thousand (2023: UAH 1,214,749 thousand) (Note 8).

As at 30 September 2024, amounts due to customers were pledged to secure the commitments and contingencies in the amount of UAH 2,116,486 thousand (2023: UAH 2,425,706 thousand) (Note 14).

12. Other borrowed funds

Other borrowed funds comprise:

	30 September 2024	31 December 2023
Term deposits and loans	8,452,569	5,579,937
Other borrowed funds	8,452,569	5,579,937

As at 30 September 2024, the balances of other borrowed funds amounted to UAH 7,472,323 thousand (88.40%) raised from three banks (2023: balances amounted to UAH 4,543,605 thousand 81.43% raised from three banks).

As at 30 September 2024, other borrowed funds include loans received from international and other organizations in the amount of UAH 2,379,963 thousand. (2023: UAH 2,651,981 thousand). The balances of these loans on both reporting dates are denominated in Euro. The range of interest rates is from 6.695% to 9.176% per annum (2023: from 6.904% to 9.445% per annum) for loans in Euro, repayment dates according to the terms of the agreements in the years 2025 - 2026 (2023: in the years 2024 - 2026).

As at 30 September 2024, other borrowed funds include loans received from state organizations in the amount of UAH 6,072,606 thousand. (2023: UAH 2,927,956 thousand). The balances of these loans on both reporting dates are denominated in Euro and in hryvnias. The range of interest rates is: for the Euro from 5.995% to 6.505% per annum, for the hryvnia from 3% to 13.5% per annum (2023: for the Euro from 6.255% to 6.755%, for the hryvnia from 3% to 14.28% per annum) for hryvnia loans, repayment dates in accordance with the terms of the contracts in 2024 - 2045 (2023: in 2024 - 2044).

Information on future cash flows in terms of maturity according to the terms of the contracts is provided in Note 19, taking into account violations of covenants and letters regarding the refusal of early repayment of loans and requirements to fulfill certain conditions of credit agreements ("waiver").

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

As at 30 September 2024, a long-term loans received from credit institutions were secured by the Ukrainian domestic government bonds with a fair value of UAH 13,906,707 thousand (2023: UAH 7,681,278 thousand) (Note 9).

13. Equity

Share capital

As at 30 September 2024, the authorized issued share capital comprised 13,836,522,922 ordinary shares and 477,078 preferred shares (2023: 13,836,522,922 ordinary shares and 477,078 preferred shares) with the nominal value of UAH 1 per share. Ordinary shares give rights to their holders to participate in the General Shareholders' Meetings, to receive dividends and, in case of liquidation of the Bank, to receive a portion of the Bank property or its value in proportion to the value of the Bank shares owned by them in the order and in accordance with the procedure stipulated by the legislation of Ukraine and the Bank charter. The shareholders that own preferred shares have a right to vote in certain cases according to the charter and are entitled to receive annual fixed amounts of dividends, unless otherwise envisaged by the law.

The number of issued and fully paid shares is as follows:

	Number of shares, thousand		Nominal value, thousand UAH		Nominal value, thousand UAH	Total, thousand UAH
	Ordinary	Preferred	Ordinary	Preferred		
	As at 31 December 2022	13,836,523	477	13,836,523		
Issued and registered shares	–	–	–	–	–	–
As at 31 December 2023	13,836,523	477	13,836,523	477	13,837,000	13,837,000
Issued and registered shares	–	–	–	–	–	–
As at 30 September 2024	13,836,523	477	13,836,523	477	13,837,000	13,837,000

Reserve fund

The Bank creates a reserve fund to cover unexpected losses on all items of assets and off-balance liabilities. The amount of charges to the reserve fund should be not less than 5 percent of the Bank profit until it reaches 25 percent of the Bank regulatory capital. As at 30 September 2024, the Bank reserve fund amounted to UAH 1,161,419 thousand (2023: UAH 967,777 thousand). The Reserve Fund is included in the line "Reserve and other funds of the Bank" of the Statement of Financial Position.

If as a result of the Bank operations the amount of its regulatory capital decreases to the amount below its share capital, then annual charges to the reserve fund should be 10 percent of the Bank net profit until it reaches 35 percent of the Bank share capital.

14. Commitments and contingencies

Legal

In the ordinary course of business, the Bank is subject to legal actions and complaints. The Bank management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Bank.

Taxation

The Ukrainian tax system is characterized by numerous taxes and frequent changes in the legislation. Tax regulations are often unclear, open to wide interpretation and, in some instances, are controversial. Instances of inconsistent tax law treatment among the fiscal authorities, authorized institutions, entities and other government bodies are not infrequent. Tax returns are subject to review and investigation by a number of authorities that are authorized to impose penalties and interest charges. These facts create tax risks substantially more significant than typically found in countries with more developed systems.

The management believes that it has complied with all existing tax legislation requirements. However, there can be no assurance that the tax authorities will not have a different interpretation of the Bank compliance with existing legislation and assess fines and penalties.

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

Commitments and contingencies

As at 30 September 2024 and 31 December 2023, contractual commitments and contingencies were as follows:

	30 September 2024	31 December 2023
Credit-related commitments		
Financial guarantees	7,535,726	7,596,041
Loan commitments	11,966,279	16,414,703
Letters of credit:	2,749,991	3,629,211
- including secured letters of credit	657,784	890,432
- including unsecured letters of credit	2,092,207	2,738,779
Aval	78,386	2,933
	22,330,382	27,642,888
Performance guarantees	874,698	896,326
	874,698	896,326
Commitments and contingencies	23,205,080	28,539,214

As at 30 September 2024, loan commitments amounted to UAH 11,966,279 thousand (2023: UAH 16,414,703 thousand), including

- ▶ loan commitments to strategic customers of the Bank (clients to whom the Bank will fulfill its lending obligations in conditions of crisis and limited liquidity) in the amount of UAH 1,535,911 thousand (2023: UAH 1,794,476 thousand)
- ▶ loan commitments to other customers of the Bank in the amount of UAH 10,430,368 thousand (2023: UAH 14,620,227 thousand).

As at 30 September 2024 and 31 December 2023, the loan commitments are revocable commitments.

As at 30 September 2024, the estimated allowances for ECLs in respect of credit-related commitments amounted to UAH 483,606 thousand (2023: UAH 677,152 thousand).

As at 30 September 2024, the estimated allowances for performance guarantees amounted to UAH 7,726 thousand (2023: UAH 6,222 thousand).

As at 30 September 2024, the commitments and contingencies were secured by cash collateral for UAH 2,116,486 thousand (2023: UAH 2,425,706 thousand) (Note 11).

The "Other provision" of the Statement of the financial position for the year ended 30 September 2024 includes the estimated reserve for legal and other risks of UAH 140,944 thousand (2023: UAH 147,116 thousand) and an estimated reserve for performance guarantees of UAH 7,726 thousand (2023: UAH 6,219 thousand).

Changes in the expected credit loss allowance for financial guarantees for the nine months ended 30 September 2024 were as follows:

Corporate banking	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	469,212	43,468	73,392	586,072
New guarantees	250,544	-	-	250,544
Expired guarantees	(155,582)	(66)	(74,199)	(229,847)
Transfer to Stage 1	8,559	(8,559)	-	-
Transfer to Stage 2	(6,842)	6,842	-	-
Transfer to Stage 3	-	-	-	-
Change in allowance	(259,554)	76,829	1,079	(181,646)
<i>Total allowance expense before the effect of foreign exchange differences</i>	<i>(162,875)</i>	<i>75,046</i>	<i>(73,120)</i>	<i>(160,949)</i>
Foreign exchange differences	22,214	659	(268)	22,605
As at 30 September 2024	328,551	119,173	4	447,728

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

SME	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	9	208	-	217
New guarantees	714	-	-	714
Expired guarantees	(96)	(31)	-	(127)
Transfer to Stage 1	301	(301)	-	-
Transfer to Stage 2	(274)	274	-	-
Transfer to Stage 3	-	-	-	-
Change in allowance	(158)	(163)	-	(321)
<i>Total allowance expense before the effect of foreign exchange differences</i>	487	(221)	-	266
Foreign exchange differences	48	13	-	61
As at 30 September 2024	544	-	-	544

Changes in the expected credit loss allowance for financial guarantees for the nine months ended 30 September 2023 were as follows:

Corporate banking	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023	23,934	203,193	42,399	269,526
New guarantees	72,397	-	-	72,397
Expired guarantees	(5,004)	(6,943)	(8,399)	(20,346)
Transfer to Stage 1	2,229	(2,229)	-	-
Transfer to Stage 2	(39,719)	39,719	-	-
Transfer to Stage 3	(11,251)	(27,840)	39,091	-
Change in allowance	(30,434)	(176,447)	826,062	619,181
<i>Total allowance expense before the effect of foreign exchange differences</i>	(11,782)	(173,740)	856,754	671,232
Foreign exchange differences	(134)	(235)	(537)	(906)
As at 30 September 2023	12,018	29,218	898,616	939,852

SME	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023	37	156	-	193
New guarantees	1,062	-	-	1,062
Expired guarantees	(609)	(7)	-	(616)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(300)	300	-	-
Transfer to Stage 3	-	-	-	-
Change in allowance	(173)	(290)	-	(463)
<i>Total allowance expense before the effect of foreign exchange differences</i>	(20)	3	-	(17)
Foreign exchange differences	(18)	(13)	-	(31)
As at 30 September 2023	(1)	146	-	145

Changes in allowances for performance guarantees for the nine months ended 30 September 2024 were as follows:

Corporate banking	Total
As at 1 January 2024	6,187
Accrual	1,106
<i>Total allowance expense before the effect of foreign exchange differences</i>	1,106
Foreign exchange differences	433
As at 30 September 2024	7,726

SME	Total
As at 1 January 2024	32
Reversal	(32)
<i>Total allowance expense before the effect of foreign exchange differences</i>	(32)
Foreign exchange differences	-
As at 30 September 2024	-

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

Changes in allowances for performance guarantees for the nine months ended 30 September 2023 were as follows:

Corporate banking	Total
As at 1 January 2023	126
Accrual	25,104
Total allowance expense before the effect of foreign exchange differences	25,104
Foreign exchange differences	-
As at 30 September 2023	25,230

SME	Total
As at 1 January 2023	17
Accrual	18
Total allowance expense before the effect of foreign exchange differences	18
Foreign exchange differences	-
As at 30 September 2023	35

Below is the analysis of changes in allowances for expected credit losses under the loan commitments for the nine months ended 30 September 2024.

Stage 3 is defined in accordance with the balance sheet of these instruments

Corporate banking	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	4,202	4,255	68,054	76,511
New loan commitments	8,622	-	-	8,622
Expired loan commitments	(1,279)	(528)	(10,621)	(12,428)
Transfer to Stage 1	3,030	(3,030)	-	-
Transfer to Stage 2	(4,681)	4,681	-	-
Transfer to Stage 3	-	-	-	-
Change in allowance	(7,324)	928	(46,465)	(52,861)
Total allowance expense before the effect of foreign exchange differences	(1,632)	2,051	(57,086)	(56,667)
Foreign exchange differences	7	103	2,874	2,984
As at 30 September 2024	2,577	6,409	13,842	22,828

SME	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	358	23	1,065	1,446
New loan commitments	15,523	-	-	15,523
Expired loan commitments	(41)	(1)	(1,066)	(1,108)
Transfer to Stage 1	159	(73)	(86)	-
Transfer to Stage 2	(26)	27	(1)	-
Transfer to Stage 3	(14,167)	-	14,167	-
Change in allowance	(1,174)	51	(12,446)	(13,569)
Total allowance expense before the effect of foreign exchange differences	274	4	568	846
Foreign exchange differences	-	-	-	-
As at 30 September 2024	632	27	1,633	2,292

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

Retail banking	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	7,078	1	5,827	12,906
New loan commitments	1,278	-	7	1,285
Expired loan commitments	(511)	-	(858)	(1,369)
Transfer to Stage 1	1,197	(3)	(1,194)	-
Transfer to Stage 2	(44)	116	(72)	-
Transfer to Stage 3	(42)	(1)	43	-
Change in allowance	(3,099)	(111)	492	(2,718)
<i>Total allowance expense before the effect of foreign exchange differences</i>	<i>(1,221)</i>	<i>1</i>	<i>(1,582)</i>	<i>(2,802)</i>
Foreign exchange differences	-	-	110	110
As at 30 September 2024	5,857	2	4,355	10,214

Below is the analysis of changes in allowances for expected credit losses under the loan commitments for the nine months ended 30 September 2023.

Stage 3 is defined in accordance with the balance sheet of these instruments.

Corporate banking	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023	2,629	219	-	2,848
New loan commitments	8,716	-	-	8,716
Expired loan commitments	(180)	(412)	-	(592)
Transfer to Stage 1	266,958	(291)	(266,667)	-
Transfer to Stage 2	(7,933)	7,933	-	-
Transfer to Stage 3	-	-	-	-
Change in allowance	(264,402)	(2,678)	433,906	166,826
<i>Total allowance expense before the effect of foreign exchange differences</i>	<i>3,159</i>	<i>4,552</i>	<i>167,239</i>	<i>174,950</i>
Foreign exchange differences	3	-	-	3
As at 30 September 2023	5,791	4,771	167,239	177,801

SME	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023	212	38	-	250
New loan commitments	341	-	-	341
Expired loan commitments	(8)	(47)	(1,309)	(1,364)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(31)	31	-	-
Transfer to Stage 3	-	(1)	1	-
Change in allowance	(194)	102	4,390	4,298
<i>Total allowance expense before the effect of foreign exchange differences</i>	<i>108</i>	<i>85</i>	<i>3,082</i>	<i>3,275</i>
Foreign exchange differences	-	-	-	-
As at 30 September 2023	320	123	3,082	3,525

Retail banking	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023	23,544	8	6,371	29,923
New loan commitments	4,047	-	57	4,104
Expired loan commitments	(821)	(1)	(2,071)	(2,893)
Transfer to Stage 1	4,020	(14)	(4,006)	-
Transfer to Stage 2	(200)	1,547	(1,347)	-
Transfer to Stage 3	(83)	-	83	-
Change in allowance	(23,703)	(1,538)	10,605	(14,636)
<i>Total allowance expense before the effect of foreign exchange differences</i>	<i>(16,740)</i>	<i>(6)</i>	<i>3,321</i>	<i>(13,425)</i>
Foreign exchange differences	-	-	-	-
As at 30 September 2023	6,804	2	9,692	16,498

Provisions for claims, guarantees and commitments are recorded as liabilities.

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

Assets pledged as collateral

The Bank pledges the assets as collateral stated in the statement of financial position in terms of various current transactions carried out under the normal conditions applicable to such agreements.

As at 30 September 2024, the assets pledged by the Bank as collateral include:

<i>Liability type</i>	<i>Liability amount</i>	<i>Asset type</i>	<i>Asset carrying amount</i>
Long-term loan from a financial institutions	6,072,606	UDGB	13,906,707
Total	6,072,606		13,906,707

As at 31 December 2023, the assets pledged by the Bank as collateral include:

<i>Liability type</i>	<i>Liability amount</i>	<i>Asset type</i>	<i>Asset carrying amount</i>
Long-term loan from a financial institutions	2,927,956	UDGB	7,681,278
Total	2,927,956		7,681,278

Provisions for legal risks relate to other property of the Bank to which the title is likely to be lost, and legal claims on which the Bank is likely to incur losses.

The Change in provisions for legal and other risks was as follows:

	Provision for legal and other risks
As at 1 January 2024	147,116
Reversal	(2,650)
Used	(3,522)
As at 30 September 2024	140,944
	Provision for legal and other risks
As at 1 January 2023	395,920
Accrual	3,279
Used	(135,749)
As at 30 September 2023	263,450

15. Interest revenue calculated using effective interest method

The Table below discloses interest revenue calculated using effective interest method, reflected in the statement of profit and loss and other comprehensive income for the nine months ended 30 September 2024 and 2023:

	<i>For the 9 months, ended 30 September 2024</i>	<i>For the 9 months, ended 30 September 2023</i>
Loans and advances to customers	6,385,559	6,015,301
Investments in securities	6,288,685	3,724,969
Deposit certificates of the National Bank of Ukraine	2,380,675	2,341,841
Loans and advances to banks	546,248	446,378
Interest revenue calculated using effective interest method	15,601,167	12,528,489

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

16. Interest expense

The Table below discloses interest expense, reflected in the statement of profit and loss and other comprehensive income for the nine months ended 30 September 2024 and 2023:

	<i>For the 9 months, ended 30 September 2024</i>	<i>For the 9 months, ended 30 September 2023</i>
Due to customers	(7,944,845)	(7,446,986)
Due to banks	(295,686)	(207,605)
Due to the National Bank of Ukraine	–	(181,530)
	(8,240,531)	(7,836,121)
Other interest expense		
Lease liabilities	(10,482)	(11,301)
	(10,482)	(11,301)
Interest expense	(8,251,013)	(7,847,422)

17. Net fee and commission income

Net fee and commission income comprised:

	<i>For the 9 months, ended 30 September 2024</i>	<i>For the 9 months, ended 30 September 2023</i>
Settlements	1,106,746	1,089,426
Guarantees and letters of credit	291,159	292,540
Operations in the foreign exchange market	229,785	255,901
Loan servicing to customers	30,242	25,297
Transactions with securities	3,416	4,451
Other	21,216	17,174
Fee and commission income	1,682,564	1,684,789
Settlements	(524,482)	(540,824)
Guarantees and letters of credit	(156,333)	(155,945)
Operations in the foreign exchange market	(28,195)	(23,714)
Other	(1,026)	(337)
Fee and commission expense	(710,036)	(720,820)

For the nine-month period that ended on 30 September 2024, the revenue from contracts with customers determined in accordance with IFRS 15 amounted to UAH 1,391,405 thousand. (for the nine-month period that ended on 30 September 2023: UAH 1,392,249 thousand).

18. Impairment loss determined in accordance with IFRS 9

The Table below discloses the impairment gain and reversal of impairment loss (the impairment loss) determined in accordance with IFRS 9 recorded in the statement of profit or loss and other comprehensive income for the nine months ended 30 September 2024:

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

	<i>Notes</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Cash and cash equivalents	7	4,793	–	–	–	4,793
Loans and other balances with banks		(205)	–	–	–	(205)
Loans and advances to customers	8	78,123	93,944	(726,431)	237,755	(316,609)
(Loss reversal) from the recognition of POCI		–	–	–	(29,917)	(29,917)
Investments in securities	9	484,211	(143,075)	18,700	–	359,836
Return of loans and advances to customers written-off in the current year		–	–	(6,738)	–	(6,738)
Other financial assets		103	921	(815)	137,847	138,056
Financial guarantees	14	(162,388)	74,825	(73,120)	–	(160,683)
Undrawn loan commitments	14	(2,579)	2,056	(58,100)	–	(58,623)
Total impairment loss determined in accordance with IFRS 9		402,058	28,671	(846,504)	345,685	(70,090)

The Table below discloses the impairment gain and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9 recorded in the statement of profit or loss and other comprehensive income for the nine months ended 30 September 2023:

	<i>Notes</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Cash and cash equivalents	7	7,577	–	–	–	7,577
Loans and other balances with banks		(1,201)	–	–	–	(1,201)
Loans and advances to customers	8	(128,560)	(502,946)	(415,857)	(43,839)	(1,091,202)
Investments in securities	9	490,209	(409,699)	1,548	–	82,058
Return of loans and advances to customers written-off in the current year		–	–	693	–	693
Other financial assets		(1,905)	(6,492)	12,763	–	4,366
Financial guarantees	14	(11,802)	(173,737)	856,754	–	671,215
Undrawn loan commitments	14	(13,473)	4,631	173,642	–	164,800
Total impairment gain determined in accordance with IFRS 9		340,845	(1,088,243)	629,543	(43,839)	(161,694)

19. Risk management

The risk management system of the Bank is designed to take into account its size, business model, scale of operations, types and complexity of transactions and ensures identification, measurement (assessment), monitoring, reporting, control, mitigation of all material risks of the Bank in order to determine the amount of capital required to cover all material risks inherent in its activities.

The risk management system and structure have not undergone any changes compared to the disclosed information in the annual financial statements.

Credit risk

Credit risk is the risk that the Bank will incur damage or incremental loss or suffer shortfall in expected profit, because its borrower/counterparty failed to discharge its contractual obligations.

Credit-related commitment risks

The Bank makes guarantees available to its customers, which provide that the Bank should make payments on their behalf. Such payments are collected from customers based on the terms of the letters of credit. These guarantees expose the Bank to the risks similar to credit risks, which are mitigated by using the same control processes and policies.

For more details on the maximum exposure to credit risk for each class of financial instrument, references shall be made to the specific notes.

Classification of the Bank financial assets according to credit ratings

As at 30 September 2024, Ukraine's credit rating, according to the classification of international rating agencies corresponded to the level of selective default "RD" - limited default (2023: CC), but the ratings in national currency are at the level of "CCC+". The Bank uses the following approach to determining the rating based on the ratings of several international rating agencies:

- ▶ if there are two different ratings, the lower rating of the rating agency will be taken into account;

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

- ▶ if there are three different ratings, the rating of the rating agency that is the lower of the two highest ones is taken into account.

Investments in securities at fair value through other comprehensive income include: Ukrainian domestic government bonds and unrated municipal bonds, were assigned by the Bank to the category in accordance with the external sovereign credit rating of Ukraine.

Other balances of cash and cash equivalents, loans and other balances with banks and investments in securities are classified with reference to the current credit ratings assigned by the international rating agencies. In the event a counterparty does not have an international rating assigned to it at the reporting date, the Bank used the ratings assigned to the parent companies by the international rating agencies, and if the counterparty (for example, NBU) is owned by the government or the state, the corresponding sovereign rating of the owner's country was used. The highest possible rating is AAA. The investment grade of financial assets corresponds to ratings from AAA to BBB-. The financial assets, which have ratings lower than BBB-, are classified as a speculative grade according to the acceptable international practice.

As at 30 September 2024, the classification by credit ratings of the Bank financial assets with such ratings is as follows:

	AAA – A	BBB – BB	B	CCC	Below CCC	Not rated	30 September 2024
Cash and cash equivalents (other than cash on hand)	25,718,333	576,892	–	174,455	23,312,473	129	49,782,282
Loans and other balances with banks	991,012	109,379	–	14,318	190	263,514	1,378,413
Derivative financial assets	310	–	–	–	–	75	385
Investments in securities	31	–	–	–	56,690,511	83,226	56,773,768

As at 31 December 2023, the classification by credit ratings of the Bank financial assets with such ratings is as follows:

	AAA – A	BBB – BB	B	CCC	Below CCC	Not rated	31 December 2023
Cash and cash equivalents (other than cash on hand)	17,655,039	3,251,879	–	293,503	25,393,181	–	46,593,602
Loans and other balances with banks	1,068,089	105,784	–	10,287	891	448,160	1,633,211
Derivative financial assets	1,629	1,271	–	–	–	33	2,933
Investments in securities	26	–	–	–	55,627,077	101,562	55,728,665

The allowance for active operations with unrated banks is determined by reference to the country's sovereign rating using the Bank internal ratings.

The principles of impairment assessment, definition of default, and identification of significant increase in credit risk have not undergone significant changes compared to the disclosed information in the annual financial statements.

Forward-looking information and economic scenarios

In its ECL models, the Bank relies on a broad range of forward-looking information as economic inputs, such as:

- ▶ GDP growth;
- ▶ Inflation (consumer price index), to the corresponding month of the previous year (%);
- ▶ Discount rates of the National Bank of Ukraine;
- ▶ Unemployment rates;
- ▶ Foreign exchange rates;
- ▶ Prices for iron ore;
- ▶ Prices for wheat;
- ▶ Growth of real wages, YoY.

The Bank performed a statistical analysis of the dependence of the probability of default of the Bank customers on economic indicators. The Bank identified the indicators that are mostly close related to the level of borrowers defaults in each of the portfolio segments.

For obtaining forecast information, the Bank uses data from external sources to obtain the required forward-looking information (prepared by the NBU, the Cabinet of Ministers of Ukraine, the Ministry of Finance of Ukraine and other government bodies, forecasts by the IMF, the World Bank and other leading international organizations, forecasts by leading international rating agencies (companies), such as Moody's, Fitch Ratings, S&P Global Ratings and Bloomberg information system data).

The table below gives the forecast of the economic indicators used in economic scenario for calculation of the ECL as at 30 September 2024.

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

Key drivers	ECL scenario	Probability,	2024	2025	2026
		%			
Inflation (consumer price index), to the corresponding month of the previous year (%)	Optimistic	25	7,4	4,2	2,5
	Base	50	8,5	6,6	5,0
	Pessimistic	25	9,7	9,1	7,5
Real GDP growth rate, %	Optimistic	25	2,9	7,9	6,2
	Base	50	2,3	5,9	4,1
	Pessimistic	25	1,7	3,9	2,0
Nominal GDP growth rate, %	Optimistic	25	15,4	15,8	10,8
	Base	50	14,8	14,3	10,6
	Pessimistic	25	14,2	12,8	10,4

To analyze the impact of changes in macro factors on the amount of expected credit losses, the assumption of a 10% improvement or deterioration of the indicator of macro factors was used.

Thus, as at 30 September 2024 the improvement in the macro factors by 10% will lead to a decrease of the ECLs by UAH 8,278 thousand (by the corporate and medium business segment by UAH 6,849 thousand, by the small and micro business segment by UAH 667 thousand, by the retail business segment by UAH 763 thousand).

A 10% deterioration in the macro factors will lead to an increase of the ECLs by UAH 12,186 thousand as at 30 September 2024 (for the corporate and medium business segment by UAH 7,983 thousand, by the small and micro business segment by UAH 1,018 thousand, by the retail business segment by UAH 3,185 thousand).

The credit quality of financial assets is managed by the Bank using the internal credit ratings, as described above. The Table below shows the credit quality by class of asset, statement of financial position based on the Bank credit rating system.

30 September 2024	Notes		High grade	Standard grade	Belowstandard grade	Impaired	Total
Cash and cash equivalents (other than cash on hand)	7	Stage 1	49,682,292	137	112,411	-	49,794,840
Loans and other balances with banks measured at amortised cost		Stage 1	674,691	249,195	14,318	-	938,204
		Stage 2	-	-	-	-	-
		Stage 3	-	-	-	-	-
Loans and advances to customers at amortized cost:	8						
- Corporate banking		Stage 1	3,925,591	17,714,444	2,943,026	-	24,583,061
		Stage 2	1,722,076	3,525,282	14,057,251	-	19,304,609
		Stage 3	-	-	6,895,970	8,910,038	15,806,008
		POCI	-	-	362,801	255,070	617,871
- SME		Stage 1	4,651,982	3,034,967	1,105,552	-	8,792,501
		Stage 2	218,886	205,870	1,062,837	-	1,487,593
		Stage 3	-	491,718	776,005	915,207	2,182,930
		POCI	-	-	-	(628)	(628)
- Retail banking		Stage 1	7,077,491	227,188	20	12	7,304,711
		Stage 2	18,756	13,309	5,902	-	37,967
		Stage 3	-	9,414	607	1,663,087	1,673,108
		POCI	5,732	342	-	11,274	17,348
Investments in securities at fair value through other comprehensive income	9	Stage 1	47,451,952	-	81,250	-	47,533,202
		Stage 2	8,738,163	-	-	-	8,738,163
		Stage 3	-	-	-	1,384,953	1,384,953
Investments in securities at fair value at amortized cost	9	Stage 1	874,979	-	-	-	874,979
		Stage 2	-	-	-	-	-
		Stage 3	-	-	-	-	-
Undrawn loan commitments:							
- Corporate banking		Stage 1	4,549,530	2,030,635	271,298	-	6,851,463
		Stage 2	195,568	737,404	114,216	-	1,047,188
		Stage 3	-	-	27,340	7,928	35,268

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

30 September 2024	Notes		High grade	Standard grade	Belowstandard grade	Impaired	Total
- SME		Stage 1	561,448	223,085	128,502	-	913,035
		Stage 2	4,118	-	11,437	-	15,555
		Stage 3	-	2	5,375	2	5,379
- Retail banking		Stage 1	3,060,956	27,755	241	1,093	3,090,045
		Stage 2	13	2,032	820	-	2,865
		Stage 3	-	1,263	103	4,115	5,481
Financial guarantees, guarantees on promissory notes and letters of credit (other than covered letters of credit):	14						
- Corporate banking		Stage 1	915,143	2,551,477	3,120,157	-	6,586,777
		Stage 2	600	150,820	2,841,441	-	2,992,861
		Stage 3	-	-	-	-	-
- SME		Stage 1	10,314	750	115,617	-	126,681
		Stage 2	-	-	-	-	-
		Stage 3	-	-	-	-	-
Total			134,340,281	31,197,089	34,054,497	13,152,151	212,744,018

31 December 2023	Notes		High grade	Standard grade	Belowstandard grade	Impaired	Total
Cash and cash equivalents (other than cash on hand)	7	Stage 1	46,310,958	289,484	-	-	46,600,442
Loans and other balances with banks measured at amortised cost		Stage 1	834,392	478,128	-	-	1,312,520
		Stage 2	-	-	-	-	-
		Stage 3	-	-	-	-	-
Loans and advances to customers at amortized cost:	8						
- Corporate banking		Stage 1	4,254,982	5,539,322	4,237,550	-	14,031,854
		Stage 2	93,891	8,880,915	19,277,591	-	28,252,397
		Stage 3	-	-	9,213,292	5,906,709	15,120,001
		POCI	-	-	370,057	248,605	618,662
- SME		Stage 1	3,330,249	1,596,658	956,814	-	5,883,721
		Stage 2	594,091	596,437	1,493,053	-	2,683,581
		Stage 3	-	85,615	1,381,185	949,742	2,416,542
		POCI	-	-	-	(628)	(628)
- Retail banking		Stage 1	4,744,661	121,646	20	10	4,866,337
		Stage 2	28,527	14,334	9,162	-	52,023
		Stage 3	-	14,420	1,134	1,799,924	1,815,478
		POCI	6,539	1,155	(140)	11,406	18,960
Investments in securities at fair value through other comprehensive income	9	Stage 1	34,176,603	-	-	-	34,176,603
		Stage 2	11,063,487	-	100,821	-	11,164,308
		Stage 3	-	-	-	1,583,141	1,583,141
Investments in securities at fair value at amortized cost	9	Stage 1	8,871,109	-	-	-	8,871,109
		Stage 2	-	-	-	-	-
		Stage 3	-	-	-	-	-
Undrawn loan commitments:							
- Corporate banking		Stage 1	4,684,372	2,534,366	1,816,985	-	9,035,723
		Stage 2	1,556,429	2,031,682	111,342	-	3,699,453
		Stage 3	-	-	57,114	43,605	100,719
- SME		Stage 1	337,845	82,009	102,317	-	522,171
		Stage 2	3,228	36,368	12,446	-	52,042
		Stage 3	-	2,289	6	2	2,297
- Retail banking		Stage 1	2,969,151	22,664	219	501	2,992,535
		Stage 2	72	1,535	863	-	2,470
		Stage 3	-	1,658	115	5,521	7,294

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

31 December 2023	Notes	High grade	Standard grade	Belowstandard grade	Impaired	Total
	14					
Financial guarantees, guarantees on promissory notes and letters of credit (other than covered letters of credit):						
- Corporate banking	Stage 1	377,788	2,243,293	2,840,128	-	5,461,209
	Stage 2	3,306	226,887	4,362,772	-	4,592,965
	Stage 3	-	-	97,194	-	97,194
- SME	Stage 1	9,891	41,442	49,059	-	100,392
	Stage 2	-	-	85,993	-	85,993
	Stage 3	-	-	-	-	-
Total		124,251,571	24,842,307	46,577,092	10,548,538	206,219,508

The following Table describes the grouping of balances by the rating categories.

Description of the internal rating	Number of days past due	Level of internal rating	Rating of external international rating agency (Fitch), non-resident counterparties	Rating of external international rating agency (Fitch) and level of internal rating resident Banks and securities issuers
High grade	No overdue payments	A1, A2, A3	AAA+ to BBB-	For resident banks - with an intra-bank rating of 1, 2 and international credit rating no lower/higher than Ukraine's sovereign rating. For issuers of securities - domestic government bonds, municipal bonds and deposit certificates of the NBU
Standard grade	From 1 to 30 days, from 31 to 60 days	B1, B2, B3	BB+ to B-	For resident banks - with an intra-bank rating 3 (international credit rating no lower/higher than Ukraine's sovereign rating or NR) For issuers of securities - are not rated but in stage 1
Below standard grade	From 61 to 90 days	C1, C2, C3, D1, D2, D3	CCC to C	For resident banks - with an intra-bank rating 4 (international credit rating no lower/higher than Ukraine's sovereign rating or NR) For issuers of securities - are not rated but in stage 2
Impaired	More than 90 days	E	D	For resident banks - with an intra-bank rating 5 (with the credit rating D or NR). For issuers of securities - are not rated but in stage 3

The Internal grade for the Retail banking and small and micro business segments (part of the SME) for which no level internal or internal rating is assigned are determined based on the number of days in arrears (column 2).

For the Retail banking and small and micro business segments (part of the SME in Stage 3, the rating cannot be higher than "Standard" even if there is no overdue debt.

The Internal grade for the Corporate banking and medium business segments (part of SME) is determined based on the internal rating (column 3).

For non-residents the internal grade is determined based on international ratings (column 3).

For resident Banks and securities issuers the rating is determined based on the lower of internal rating and international credit rating (column 4).

For government bonds and municipal bonds the rating is determined as High (column 4). For the disclosure of external credit rating of these instruments please refer to the section Classification of the Bank financial assets according to external credit ratings of this note.

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

Liquidity risk and funding management

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations as they fall due without incurring unacceptable losses, or as a result of its inability to manage unplanned cash outflows, changes in funding sources and/or to honor its off-balance sheet liabilities. To mitigate this risk, management uses different sources of funding in addition to the main base of deposits. Management also performs the Bank day-to-day liquidity management activities, with due account for balances on the correspondent accounts and cash inflow/outflow projections; management of current liquidity (up to 1 month) through identification of the Bank requirements for liquid assets and assessment of the liquidity gaps for the period; management of liquidity over one month through assessment of mismatch between maturities on assets and liabilities and development of remedial measures to maintain the Bank relevant liquidity levels in the future.

Analysis of financial liabilities grouped based on duration of periods from the reporting date to the maturity date is carried out in accordance with the applicable agreement.

As at 30 September 2024 and 31 December 2023, the Bank complied with the regulatory requirements of the National Bank of Ukraine regarding the minimum level of liquidity coverage ratio in all currencies and separately in individual foreign currencies (regulatory ratios as at 30 September 2024 and 31 December 2023 were not less than 100%) and regarding the minimum value of the net stable financing ratio (the statutory ratio is at least 100% as at 30 September 2024 and 31 December 2023).

The values of liquidity coverage ratios in all currencies and separately in foreign currencies, and the ratio of net stable funding are as follows:

	30 September 2024	31 December 2023
All-currency LCR, liquidity coverage ratio for all currencies (LCR _{BB})	172.72%	189.78%
Foreign currency LCR, liquidity coverage ratio in foreign currency (LCR _{FB})	216.62%	217.69%
Net Stable Funding Ratio (NSFR)	130.38%	139.18%

Analysis of financial liabilities by remaining contractual maturities

The information on future undiscounted cash flows of financial liabilities as at 30 September 2024 and 31 December 2023 based on the remaining contractual maturities is presented in the table below. Gross settled derivative instruments that are presented in terms of amounts receivable and payable as per maturities. Liabilities that are subject to repayment on demand are believed to be the instruments repayable on the earliest possible date. However, the Bank expects that most customers will not demand repayment on the earliest possible date.

Considering covenants incompliance and waivers received from creditors, as at 30 September 2024 the Bank classifies long-term liabilities in the amount of UAH 2,505,685 thousand on demand, liabilities in the amount of UAH 620,706 thousand in accordance with the terms specified in the waivers and UAH 5,326,178 thousand in accordance with the terms determined by the credit agreement with the creditor. Information on waivers received by the Bank from creditors is provided in Note 3. As of 31 December 2023, Bank classifies long-term liabilities in the amount of UAH 3,198,099 thousand in accordance with the terms specified in the waivers.

Financial liabilities as at 30 September 2024	On demand and up to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Due to other banks	3,466,193	123,499	-	-	3,589,692
Other borrowed funds	3,191,230	119,620	1,579,680	5,377,590	10,268,120
Derivative financial instruments:					
- contractual amounts receivable	(343,248)	-	-	-	(343,248)
- contractual amounts payable	345,623	-	-	-	345,623
Due to customers	141,306,282	20,032,999	11,905,489	1,429,684	174,674,454
Other financial liabilities	651,593	66,910	49,074	-	767,577
Total undiscounted financial liabilities	148,617,673	20,343,028	13,534,243	6,807,274	189,302,218

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

Financial liabilities as at 31 December 2023	On demand and up to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Due to other banks	2,643,027	151,930	-	-	2,794,957
Other borrowed funds	371,840	3,104,568	738,422	2,346,195	6,561,025
Derivative financial instruments:					
- contractual amounts receivable	(2,452,144)	-	-	-	(2,452,144)
- contractual amounts payable	2,472,521	-	-	-	2,472,521
Due to customers	145,745,081	8,226,283	1,091,792	677	155,063,833
Other financial liabilities	535,289	54,761	102,712	-	692,762
Total undiscounted financial liabilities	149,315,614	11,537,542	1,932,926	2,346,872	165,132,954

The contractual maturities of commitments and contingencies of the Bank are presented in the table below. Each undrawn loan commitment is included in the time horizon containing the earliest date when a customer may require its fulfillment. For the issued financial guarantee contracts, the maximum guarantee amount is attributed to the earliest period, in which the guarantee could be required for settlement.

	On demand
As at 30 September 2024	22,330,382
As at 31 December 2023	27,642,888

20. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date, regardless of whether that price is directly observable in the market or is assessed using a different valuation technique.

The fair values are determined by the Bank using the observable market information, where it exists, and the appropriate valuation methodologies. However, certain judgment is required to interpret the market data to determine the estimated fair value. The estimates presented herein are not necessarily indicative of the amounts the Bank could realize in a market exchange from the sale of its entire holdings of a particular instrument or pay in the transfer of liabilities.

The Bank uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

- ▶ Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- ▶ Level 2: techniques for which all inputs that have a significant effect on the fair value are represented by directly or indirectly observable market data; and
- ▶ Level 3: techniques, which use inputs that have a significant effect on the fair value that are not observable on the market.

Fair value of the Bank financial assets and financial liabilities measured at fair value on a recurring basis, and fair value of buildings

Some of the Bank financial assets and financial liabilities as well as the Bank buildings are measured at fair value at the end of each reporting period. The information about how the fair value of these financial assets and financial liabilities is determined (in particular, the valuation techniques and inputs used) is presented in the table below:

Assets/liabilities	Fair value hierarchy level	Valuation techniques and key inputs
Investments in securities at fair value through other comprehensive income	2	Discounted cash flows: future cash flows are estimated based on the inputs that are observable either directly or indirectly. The estimates use one or more observable quoted prices for orderly transactions in the markets that are not considered active.

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

Assets/liabilities	Fair value hierarchy level	Valuation techniques and key inputs
Investments in securities at fair value through other comprehensive income	3	Discounted cash flows: future cash flows are estimated based on both observable and unobservable market data. Unobservable inputs include assumptions regarding future financial performance of the issuer, its risk profile and economic assumptions with respect to the industry and geographical jurisdiction where the issuer operates.
Loans and advances to customers at fair value through profit or loss and Loans and advances to customers at fair value through other comprehensive income	3	Discounted cash flows: future cash flows are estimated based on both observable and unobservable market data. Unobservable data include assumptions about the borrower's future financial performance, risk profile, and economic assumptions about the industry and geographical jurisdiction in which the borrower operates.
Derivative financial instruments	2	Discounted cash flows: future cash flows are estimated based on forward exchange rates (represented by observable foreign exchange rates at the end of the reporting period) and contractual forward exchange rates discounted at a rate reflecting credit risk from different counterparties.
Buildings and land plots, investment property	2	The Bank engages professional independent appraisers to determine the fair values of its buildings and land plots and investment property using comparative approach and income approach for the items for which there are no market comparatives. In a comparative approach to evaluation, the prices of market-based sales of comparable properties in the immediate proximity are adjusted with reference to differences in main parameters (such as floor space of a property item). The main parameter used in this valuation technique is the price per square meter of a property item.
Loans and other balances with banks at fair value through profit or loss	2	Financial assets in precious metals are recognized at fair value through profit or loss. The value of assets changes on a daily basis depending on the prices for precious metals and the official exchange rates published by the NBU for precious metals in the Ukrainian market. Carrying amount approximates the fair value.
Due to banks at fair value through profit or loss	2	Financial liabilities in precious metals are measured at fair value through profit or loss. The value of liabilities changes on a daily basis depending on the prices for precious metals and the official exchange rates published by the NBU for precious metals in the Ukrainian market. Carrying amount approximates the fair value.
Due to customers at fair value through profit or loss	2	Financial liabilities in precious metals are measured at fair value through profit or loss. The value of liabilities changes on a daily basis depending on the prices for precious metals and the official exchange rates published by the NBU for precious metals in the Ukrainian market. Carrying amount approximates the fair value.

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

An analysis of the assets and liabilities recognized in the statement of financial position at fair value on initial recognition using a three-level fair value hierarchy is presented in the table below:

	30 September 2024			Total
	Level 1	Level 2	Level 3	
Assets measured at fair value				
Loans and other balances with banks at fair value through profit or loss	-	440,725	-	440,725
Derivative financial assets	-	385	-	385
Loans and advances to customers at fair value through profit or loss	-	-	15,017	15,017
Loans and advances to customers at fair value through other comprehensive income	-	-	10,588	10,588
Investments in securities at fair value through other comprehensive income	31	54,633,319	1,265,439	55,898,789
Investment property	-	105,641	-	105,641
Buildings and land plots	-	810,970	-	810,970
Total	31	55,991,040	1,291,044	57,282,115
Liabilities measured at fair value				
Due to banks at fair value through profit or loss	-	119,426	-	119,426
Derivative financial liabilities	-	2,375	-	2,375
Due to customers at fair value through profit or loss	-	266,076	-	266,076
Total	-	387,877	-	387,877
31 December 2023				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Loans and other balances with banks at fair value through profit or loss	-	321,371	-	321,371
Derivative financial assets	-	2,933	-	2,933
Loans and advances to customers at fair value through profit or loss	-	-	29,531	29,531
Loans and advances to customers at fair value through other comprehensive income	-	-	2,925	2,925
Investments in securities at fair value through other comprehensive income	26	45,654,850	1,202,680	46,857,556
Investment property	-	154,269	-	154,269
Buildings and land plots	-	817,559	-	817,559
Total	26	46,950,982	1,235,136	48,186,144
Liabilities measured at fair value				
Due to banks at fair value through profit or loss	-	89,745	-	89,745
Derivative financial liabilities	-	20,376	-	20,376
Due to customers at fair value through profit or loss	-	194,939	-	194,939
Total	-	305,060	-	305,060

Movements in Level 3 financial instruments measured at fair value

The changes in the amounts of Level 3 assets and liabilities that are measured at fair value are presented in the table below:

	As at 1 January 2024	Unrealized income (revaluation)	Repayment	Revaluation recognized in equity	Accrued interest as part of interest income	As at 30 September 2024
Financial assets						
Investments in securities at fair value through other comprehensive income	1,202,680	-	(105,607)	44,844	123,522	1,265,439
Loans and advances to customers at fair value through profit or loss	29,530	1,871	(19,465)	-	3,081	15,017

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

Impact of changes in the key assumptions on the fair value of Level 3 financial instruments measured at fair value

The impact of using reasonably possible alternative assumptions on measurements of the fair value of Level 3 instruments is summarized in the table below:

	30 September 2024		31 December 2023	
	Carrying amount	Impact of possible alternative assumptions	Carrying amount	Impact of possible alternative assumptions
Financial assets				
Investments in securities at fair value through other comprehensive income	1,265,439	77,824/ (72,428)	1,202,680	90,086/ (74,348)
Loans and advances to customers at fair value through profit or loss	15,017	94 / (92)	29,531	414 / (400)

To analyze the impact on the value of investments that are measured at fair value through other comprehensive income, assumptions about changes in the value of the interest rate along the yield curve. A decrease in the interest rate by 10% lead to an increase in the fair value on UAH 77,824 thousand (2023: UAH 90,086 thousand). An increase in the interest rate by 10% lead to a decrease in the fair value on UAH 72,428 thousand (2023: UAH 74,348 thousand).

To analyze the sensitivity of the loans and advances to customers at fair value through profit or loss, the assumption regarding changes in the discount rate of future cash flows was applied. A decrease in the discount rate by 10% will lead to a decrease in the value by UAH 94 thousand (2023: UAH 414 thousand). An increase in the discount rate by 10% will lead to a decrease in the value by UAH 92 thousand (2023: UAH 400 thousand).

Fair value of financial assets and liabilities not carried at fair value

The estimated fair values of financial assets and liabilities are determined using market prices, discounted cash flows and other appropriate valuation techniques and may not be indicative of the fair value of those instruments at the date these interim condensed financial statements are authorized for issue. Such calculations do not reflect any premiums or discounts that may arise as a result of an offer to sell the entire amount of a particular financial instrument at the same time. The fair value measurement is based on judgments about expected future cash flows, current economic conditions, risk characteristics of various financial instruments and other factors.

Cash and cash equivalents and loans and other balances with banks comprise balances on correspondent accounts and short-term deposits. Due to the short-term nature of these financial instruments and the corresponding actual interest rates established for similar financial instruments, the carrying amount of cash and cash equivalents and balances of due from other banks approximates their fair value.

To determine the fair value, projected cash flows are discounted at the market rates established on the reporting date for similar instruments.

Financial assets / financial liabilities	Fair value hierarchy level	Valuation techniques and key inputs
Loans and advances to banks	3	Discounted cash flows: Future cash flows are estimated based on both observable and unobservable inputs. Unobservable inputs include the assumptions regarding future financial performance of the counterparty, its risk profile and economic assumptions with respect to the industry and geographical jurisdiction where the counterparty operates. The discount rate reflecting the credit risk of counterparties belonged to the most significant input data.

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

Fair value	30 September 2024			
	Level 1	Level 2	Level 3	Total
Assets for which fair values are disclosed				
Loans and other balances with banks	-	937,688	-	937,688
Investments in securities at fair value at amortized cost	-	874,979	-	874,979
Loans and advances to customers	-	-	71,468,416	71,468,416
Total	-	1,812,667	71,468,416	73,281,083
Liabilities for which fair values are disclosed				
Due to other banks	-	3,470,267	-	3,470,267
Other borrowed funds	-	8,452,569	-	8,452,569
Due to customers	-	-	152,100,800	152,100,800
Total	-	11,922,836	152,100,800	164,023,636

Fair value	31 December 2023			
	Level 1	Level 2	Level 3	Total
Assets for which fair values are disclosed				
Loans and other balances with banks	-	1,311,840	-	1,311,840
Investments in securities at fair value at amortized cost	-	8,871,109	-	8,871,109
Loans and advances to customers	-	-	65,460,964	65,460,964
Total	-	10,182,949	65,460,964	75,643,913
Liabilities for which fair values are disclosed				
Due to other banks	-	2,705,212	-	2,705,212
Other borrowed funds	-	5,579,937	-	5,579,937
Due to customers	-	153,972,944	-	153,972,944
Total	-	162,258,093	-	162,258,093

Set out below is a comparison by class of the carrying amounts and fair values of the Bank financial instruments that are not carried at fair value in the statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

	30 September 2024		31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and other balances with banks	937,688	937,688	1,311,840	1,311,840
Investments in securities at fair value at amortized cost	874,979	874,979	8,871,109	8,871,109
Loans and advances to customers	68,909,439	71,468,416	63,300,491	65,460,964
Total assets	70,722,106	73,281,083	73,483,440	75,643,913
Financial liabilities				
Due to other banks	3,470,267	3,470,267	2,705,212	2,705,212
Other borrowed funds	8,452,569	8,452,569	5,579,937	5,579,937
Due to customers	152,098,110	152,100,800	153,938,625	153,972,944
Total liabilities	164,020,946	164,023,636	162,223,774	162,258,093

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

21. Related party transactions

The Bank grants loans and advances to customers, attracts deposits and performs other transactions with related parties in the ordinary course of business. Parties are considered to be related if one party has the ability, directly or indirectly through one or more intermediaries, to control the other party or exercise significant influence over the party when making financial and operational decisions.

As at 30 September 2024, the Bank was 94.94% state-owned bank under the control of the Ministry of Finance of Ukraine (2023: 94.94%). Correspondingly, transactions and balances with related parties comprise transactions with government, government-related entities (both directly and indirectly), key management personnel and entities that are controlled, are under common control or are significantly influenced by them.

A government-related entity is an entity that is controlled, jointly controlled or significantly influenced by the government.

Government refers to government agencies and similar bodies whether local, national or international.

Key management personnel are members of the Management Board and Supervisory Board.

Relatives of members of the Management Board and Supervisory Board are disclosed as "Other related parties".

In considering each possible related party relationship, attention is focused on the substance of such relationship and not merely its legal form. The balances and transactions with related parties at the end of the period and the relevant amounts of profit and loss for the period are as follows:

	30 September 2024				31 December 2023			
	Shareholder (Ministry of Finance of Ukraine)	State controlled entities	Other related parties	Key managem ent personnel	Shareholder (Ministry of Finance of Ukraine)	State controlled entities	Other related parties	Key managem ent personnel
Assets								
Cash and cash equivalents	-	23,421,882	-	-	-	25,678,703	-	-
Loans and other balances with banks	-	14,508	-	-	-	11,177	-	-
Loans and advances to customers, gross	-	17,936,243	49	323	-	16,792,433	-	156
Loans and advances to customers, less: expected credit losses/allowance for impairment	-	(710,513)	(1)	(2)	-	(682,218)	-	(1)
Investments in securities	53,544,599	3,145,912	-	-	44,419,609	2,336,359	-	(8)
Right-of-use assets	-	2,340	-	-	-	2,946	-	-
Liabilities								
Due to banks								
- current accounts	-	2,206	-	-	-	19	-	-
- other amounts	-	1,289	-	-	-	1,216	-	-
Other borrowed funds	-	6,072,606	-	-	-	2,927,956	-	-
Due to customers:								
- current accounts	-	51,240,112	9,576	6,406	-	47,117,629	14,536	8,378
- time deposits	-	4,848,921	12,844	18,566	-	2,128,752	2,350	14,725
Lease liabilities	-	2,985	-	-	-	4,173	-	-
Commitments and contingencies								
Financial guarantees	-	3,239,319	-	-	-	5,118,177	-	-
Credit-related commitments	-	3,689,611	19	488	-	6,076,077	66	650
Letters of credit	-	692,486	-	-	-	690,200	-	-
Performance guarantees	-	201,670	-	-	-	320,053	-	-

	30 September 2024				30 September 2023			
	Shareholder (Ministry of Finance of Ukraine)	State controlled entities	Other related parties	Key managem ent personnel	Shareholder (Ministry of Finance of Ukraine)	State controlled entities	Other related parties	Key managem ent personnel
Statement of profit or loss and other comprehensive income								
Interest revenue calculated using effective interest method:								
- loans and advances to customers	-	1,607,908	3	93	-	1,685,792	74	75
- investments in securities	6,015,129	264,147	-	-	3,388,309	326,786	-	-
- deposit certificates of the National Bank of Ukraine	-	2,380,675	-	-	-	2,341,841	-	-

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

	30 September 2024				30 September 2023			
	Shareholder (Ministry of Finance of Ukraine)	State controlled entities	Other related parties	Key managem ent personnel	Shareholder (Ministry of Finance of Ukraine)	State controlled entities	Other related parties	Key managem ent personnel
Interest expense:								
- due to the National Bank of Ukraine	-	-	-	-	-	181,530	-	-
- due to credit institutions	-	132,581	-	-	-	48,683	-	-
- due to customers	-	2,868,004	626	519	-	2,463,573	29	147
- lease liability	-	391	-	-	-	699	-	-
Impairment loss determined in accordance with IFRS 9	-	(44,475)	-	-	-	103,499	51	473
Net gain (loss) on operations with debt financial instruments measured at fair value through other comprehensive income	358,731	-	-	-	8,251	-	-	-
Other income	-	2,224	-	-	-	3,882	-	4
Other operating expenses	-	226,282	-	332	-	200,533	-	186

For deposit certificates of the National Bank of Ukraine, the rate range is as follows (%):

Currency	30 September 2024	31 December 2023
UAH	12.99 – 15.99	15.0 – 20.0

For loans and advances to customers granted to related parties, the rate range is as follows (%):

Currency	30 September 2024		31 December 2023	
	Corporate banking	Retail banking	Corporate banking	Retail banking
UAH	16.1 – 25.0	43.0 – 45.0	11.0 – 28.1	43.0 – 43.0
USD	5.3 – 7.5	-	5.1 – 7.5	-
EUR	4.5 – 6.7	-	4.5 – 4.5	-

Other borrowed funds received from related parties, the rate range is as follows (%):

Currency	30 September 2024	31 December 2023
UAH	3.0 – 13.15	3.0 – 14.3
USD	-	-
EUR	5.995 – 6.505	6.26 – 6.76

Due to customers: current accounts received from related parties, the rate range is as follows (%):

Currency	30 September 2024		31 December 2023	
	Corporate banking	Retail banking	Corporate banking	Retail banking
UAH	0 – 12.0	0 – 6.5	0 – 14.9	0 – 5.0
USD	0 – 0.35	0 – 0.0001	0 – 0.3	0 – 0.0001
EUR	0 – 0.15	0 – 0.0001	-	0 – 0.0001

Due to customers: time deposits received from related parties, the rate range is as follows (%):

Currency	30 September 2024		31 December 2023	
	Corporate banking	Retail banking	Corporate banking	Retail banking
UAH	8.0 – 12.00	12.45 – 14.2	12.0 – 16.5	15.0 – 15.7
USD	0.5 – 2.75	0.01 – 2.0	0.1 – 1.7	0.01 – 1.0
EUR	0.01	0.01	0.01	0.01

Risk concentration

Concentration risk - risk is determined by the Bank as the risk of possible losses due to concentration of risk in specific instruments, operations and industries.

The Bank activities are characterized by a significant scale of operations with state-owned companies resulting in concentration of credit and investment risks in relation to certain counterparties and groups of related counterparties and industries.

As at 30 September 2024, 53% of assets and 37% of liabilities were concentrated in operations with state-owned companies, the National Bank of Ukraine, state banks and government authorities (2023: 55% of assets and 32% of liabilities).

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

The Bank manages concentration risk in its credit and securities portfolios by setting limits for individual counterparties and groups of counterparties.

Remuneration to key management personnel comprises the following items:

	30 September 2024	30 September 2023
Salaries and bonuses	75,216	53,145
Total remuneration to key management personnel	75,216	53,145

22. Capital adequacy

The Bank policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also considered and the Bank recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The main regulator, the National Bank of Ukraine, sets and monitors capital requirements for the Bank as a whole and monitors compliance with these requirements on the basis of reporting under national standards. The Bank as a whole and its individual banking operation are directly supervised by the local regulators.

Under the current capital requirements set by the NBU, banks have to maintain a ratio of capital to risk weighted assets (capital adequacy ratio) above the prescribed minimum level.

In August 2024, the process of implementing the requirements of the new Regulation on the procedure for determining the amount of regulatory capital by banks of Ukraine, approved by Resolution of the NBU Board No. 196 from 12.28.2023, was completed. From 6 August 2024, the calculation of regulatory capital and capital adequacy ratio is carried out in accordance with the new regulatory requirements regarding the three-level capital structure, as well as taking into account the minimum size of market risk.

As at 30 September 2024, the specified minimum level of regulatory capital adequacy was 8.5% (according to new regulatory requirements for calculating capital adequacy ratio), as at 31 December 2023 the Bank - 10%. The value of the Bank's capital adequacy ratio - meets regulatory requirements for capital level indicators as at 30 September 2024 and 31 December 2023.

The Bank analyzes its activities as regards its compliance with the minimum capital requirements, including the capital adequacy requirements in accordance with the Basel Accord of 1988, as defined in the *International Convergence of Capital Measurement and Capital Standards* of Basel Committee on Banking Supervision (updated April 1998) and Amendment to the Basel Accord to incorporate market risks (updated November 2005), commonly known as Basel I. As at 30 September 2024 and 31 December 2023, the minimum capital adequacy ratio required by Basel I was 8% and the minimum Tier 1 capital adequacy ratio was 4%.

Analytical bases for calculating capital adequacy according to the requirements of the NBU and the requirements of Basel I are different, so they cannot be compared.

The Bank was in compliance with the capital adequacy ratio calculated in accordance with the Basel Accord as at 30 September 2024 and 31 December 2023.

23. Subsequent events

As of the date these interim condensed financial statements were approved for issue, hostilities continue and there is a high level of uncertainty associated with the war. The military forces of the Russian Federation continue to destroy infrastructure and production facilities, part of the territory of Ukraine is under occupation.