INDEPENDENT AUDITOR'S REPORT

of Audit firm "ACTIVE-AUDIT"
based on the results of the audit the annual financial statements

JOINT STOCK COMPANY
"BANK FOR INVESTMENTS AND SAVINGS"

at the end of the day 31.12.2022

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INDEPENDENT AUDITOR'S REPORT

of LLC «AF «ACTIVE-AUDIT»
regarding the audit of annual financial statements

JOINT STOCK COMPANY «BANK FOR INVESTMENTS AND SAVINGS»

at the end of the day 31.12.2022

This Auditor's report is addressed to:

- The Management Board of JOINT STOCK COMPANY «BANK FOR INVESTMENTS AND SAVINGS»;
- All other possible users of the annual financial statements of JOINT STOCK COMPANY «BANK FOR INVESTMENTS AND SAVINGS».

Report on the audit of financial statements

Opinion

We have audited the annual financial statements of JOINT STOCK COMPANY «BANK FOR INVESTMENTS AND SAVINGS» (hereinafter - JSC «BANK FOR INVESTMENTS AND SAVINGS», the Bank), which consists of the Report on the financial position in order of liquidity as of the end of the day on December 31, 2022, the Report on the total income, profit or loss by nature of expenditure, Statement of cash flows, Statement of changes in equity for the year that ended this date and notes to the financial statements, including a summary of significant accounting policies.
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2022, its financial results and cash flows for the year that ended, in accordance with International Financial Reporting Standards (IFRS), and meets the requirements of the Law of Ukraine «On Accounting and Financial Reporting in Ukraine» dated July 16, 1999 №. 996-XIV, concerning the preparation of financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibility in accordance with these standards described in section «Auditor's responsibility for the audit of financial Statements» in our report. We are independent in relation to the Bank in accordance with Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements applicable in Ukraine to our audit of financial statements, as well as fulfill other ethical obligations in accordance with these requirements and the IESBA Code. We believe that the audit evidence we receive is sufficient and acceptable to use as the basis for our opinion.

Material uncertainty related to going concern

The annual financial statements were prepared on the basis of the assumption that the Bank is able to continue its activities on a going concern basis. We draw attention to Note 4 to the financial statements, which discloses that there is a material uncertainty related to the currently unforeseeable impact of the ongoing hostilities on the territory of Ukraine on the assumptions underlying management's estimates, which may subject doubts about the Bank's ability to continue its activities on a going concern basis, and therefore, it will not be able to realize its assets and repay its liabilities in the ordinary course of business. Information on this matter is properly disclosed in the financial statements. Our opinion on this matter has not been modified.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were the most significant in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
In addition to the matter described in the section «Material uncertainty relating to going concern», we have determined that the key audit matter to be disclosed in our report is judgments and estimates regarding loans and advances to customers.

Judgments and assessments on loans and advances to customers

We identified this area as a key audit matter, as the assessment of the amount of the allowance for impairment of customer loans was a key area of professional judgment of the Bank's management. As at the reporting date, loans and receivables account for 29.6% of the Bank's total assets and have a significant impact on its financial condition, cash flows and results of operations.
In assessing the expected credit risks of customers, the Bank's management makes significant judgments about the financial condition of borrowers, the amount of expected future cash flows from loans, the market value of collateral for credit operations, the level of probability of default.

Our audit procedures included in particular:

- consideration and assessment of the depreciation methodology, and verification of the appropriateness and accuracy of the input data used by the Bank when calculating reserves;
- assessment and verification of key assumptions made by management in assessing a significant increase in credit risk, the probability of default, losses in the event of default and assessment of expected credit losses on customer loans;

- independent assessment of the amount of provisions for impairment of loans to customers based on a review of information contained in credit cases, including assessment of the financial condition of borrowers, timely payment of debts, analysis of forecasts of future cash flows, etc.

Information on loans and advances to customers and the amount of their impairment is provided in Note 11 to the annual financial statements. Information on significant accounting estimates used in determining the book value of customer loans and expected credit losses is provided in Note 4 to the annual financial statements.

Information other than the Financial Statements and Auditor's Report Thereon

Management personnel are responsible for other information. Other information consists of:

- the information contained in the Management Report (Report on Management) of the JSC «BANK FOR INVESTMENTS AND SAVINGS» for the 2022 year (hereinafter - Management Report), but not the financial statements and our auditor's report on it, which we received before the date of this independent auditor's report;
- from other information included in the Annual Information of the issuer of securities that we expect to receive after the date of this independent auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard, including facts of inconsistency of financial information in the Management Report with the financial statements and/or with other information obtained by us during the audit.

In accordance with the requirements of Art. 127 of the Law of Ukraine «About capital markets and organized commodity markets» we report the following.

We checked the information contained in the section «Disclosure of information about corporate governance» of the Management Report regarding:

- compliance by the Bank with the provisions of the corporate code,
- held during the reporting period of the general meeting of shareholders of the Bank and adopted at the meeting of decisions,
- the personal composition of the Supervisory Board and the Bank's Management Board, the committees of the Management Board and the Supervisory Board, meetings held and decisions made at them

and did not establish significant discrepancies with the information provided in the Code of Corporate Governance of the JSC «BANK FOR INVESTMENTS AND SAVINGS» (approved by the General Meeting of Shareholders of the Bank on 22.12.2021, Minutes No.22), other Bank's regulations /policies adopted by the Bank in terms of corporate governance, other information or our knowledge, obtained during the audit.

We have considered the matters contained in the section of «Disclosure of information about corporate governance» of the Management Report in relation to:
• the main characteristics of the Bank's internal control and risk management system;
• a list of persons who directly or indirectly own a significant block of shares in the Bank;
• information on any restrictions on the rights of participation and voting of shareholders at the General Meeting of the Bank;
• the procedure for appointing and dismissing officials of the Bank;
• powers of the Bank's officials,

and express our opinion that this information was disclosed by management in compliance with current legislation, in particular the Laws of Ukraine «About capital markets and organized commodity markets» and «On Financial Services and State Regulation of Financial Services Markets», consistent with other parts of the annual report and not established material contradicts the information obtained by us during the audit of the financial statements of the Bank.

When we review the Annual Information of the issuer of securities, if we come to the conclusion that it contains a material misstatement, we will need to report this matter to the Supervisory Board.

The responsibility of Management and those charged with Governance for the financial statements

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

In the preparing of financial statements, management is responsible for assessing the Bank's ability to continue its operations on an ongoing basis, disclosing, where applicable, business continuity issues, and using assumptions of continuity as a basis for accounting, except when the management plans to liquidate the Bank or cease its activities, or has no other real alternatives to it.

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

Auditor's responsibility for audit of financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole do not contain material misstatement due to fraud or error and the issuance of an auditor's report containing our opinion. Reasonable confidence is a high level of certainty, but it does not guarantee that an audit conducted in accordance with the ISA will always detect a material misstatement when it exists. Misstatement may be the result of fraud or error; they are considered to be material if, individually or in aggregate, they are reasonably expected to affect the economic decisions of users that are taken on the basis of these financial statements.

As part of an audit in accordance with the requirements of ISA, we use professional judgments and professional skepticism throughout the audit engagement. In addition, we:

- Identify and assess the risks of material misstatement of financial statements as a result of fraud or error, develop and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and acceptable to use as the basis for our opinion. The risk of non-disclosure of material misstatement due to fraud is higher than for distortion due to a mistake, as fraud may

involve collusion, forgery, intentional omission, incorrect statements or neglect of internal control measures;

- Obtain an understanding of the internal control activities related to the audit, to develop audit procedures that are appropriate to the circumstances, rather than to express an opinion on the effectiveness of the internal control system;
- Evaluate the appropriateness of accounting policies and the validity of accounting estimates and relevant disclosures made by management;
- Conclude on to the appropriateness of using the assumption of continuity of activities as a basis for accounting by management and, on the basis of audit evidence obtained, we conclude that there is a significant uncertainty about events or conditions that would significantly cast doubt on the Bank's ability to continue its continuous activities. If we conclude that the existence of such significant uncertainty, we should draw attention in our auditor's report to relevant disclosures in the financial statements or, if such disclosures are inappropriate, to modify their views. Our conclusions are based on audit evidence received prior to the date of our auditor's report. However, future events or conditions may force the Bank to cease its activities on an ongoing basis;
- Assess the overall presentation, structure and content of financial statements, including disclosures, as well as whether the financial statements of operations and events underlying its compilation are presented in such a way as to achieve a credible presentation.

We inform the Supervisory Board about the planned volume and time of the audit and audit significant results, including any significant deficiencies of internal controls identified during our audit.
We also submit to the Supervisory Board the assertion that we have met the relevant ethical requirements for independence, and we notify them of all relations and other issues that might reasonably be considered as affecting our independence and, where applicable, regarding the relevant precautionary measures.

From the list of all issues that were provided to the Supervisory Board, we identified those that were most important during the audit of the current financial statements, that is, those that are key issues in the audit. We describe these issues in our auditor's report except when a legislative or regulatory act prohibits public disclosure of the issue or if, in very exceptional circumstances, we determine that such a question should not be covered in our report, as the negative effects of such coverage may be expected to outweigh it utility for the public interest.

Report on the other legal and regulatory requirements

In accordance with the requirements of the Law of Ukraine «On Banks and Banking Activity», the Law of Ukraine «On the Audit of Financial Statements and Audit Activity», Regulations on the Procedure for Submitting an Audit Report to the National Bank of Ukraine on the Results of the Annual Audit of the Financial Statements of the Bank, Banking Group and on Conducting an Audit financial statements of a member of a banking group (approved by the resolution of the Board of the National Bank of Ukraine No. 90 of 02.08.2018, with changes and additions), Requirements for information related to the audit or review of financial statements of participants in capital markets and organized commodity markets, which are supervised by the National Commission on securities and the stock market (approved by the decision of the National Securities and Stock Market Commission No. 555 dated 22.07.2021), we report on other issues related to the Bank's annual financial statements and our audit. The full text of our «Report on the requirements of other legislative acts» is available via the link https://www.bisbank.com.ua/finansova-zvitnist-za-mizhnarodnimi-standartami.

In carrying out the audit of financial statements for 2022 year, those policies and procedures in the accounting, internal control and risk management systems concerning statements in the financial statements were considered.

Applications:

- Annual financial statements of the Bank

The partner of an audit engagement, resulting in the Report of the independent auditor, is Domarieva Nataliia.

Signed on behalf of the audit firm LIMITED LIABILITY COMPANY «AUDIT FIRM «ACTIVE-AUDIT»

Director
the registration number in the Register of Auditors and Subjects audit activity (issue «Auditors») - 100062

Volodymyr MNISHCHENKO

An audit engagement partner
Director of Audit
the registration number in the Register of Auditors and Subjects audit activity (issue «Auditors») - 100065

Nataliia DOMARIEVA

Location: 23-B, General Naumova str., Kyiv
Actual location: 4, M. Grinchenko str., Kyiv

20 April 2023

Statement of financial position in order of liquidity
For the year ended 31 December 2022

	At the end of the reporting period	At the beginning of the reporting year
ASSETS		
Cash and cash equivalents	1 681 999	1 501 448
Loans and advances to clients	1 036 483	1 219 286
Investments in securities	580 857	1 047 084
Derivative financial assets	6 735	2 559
Current tax assets	6 652	-
Deferred tax assets	251	492
Intangible assets with the exception of goodwill	27 749	33 008
Fixed assets	46 451	76 677
Other financial assets	103 432	45 026
Other non-financial assets	10 839	14 929
Total assets	***3 501 448***	***3 940 509***
LIABILITIES		
Clients` money	2 795 653	3 174 731
Provisions		
Reserves for credit liabilities and financial guarantee contracts	2 798	4 606
Total provisions	***2 798***	***4 606***
Other financial liabilities	38 062	76 628
Other non-financial liabilities	23 173	29 139
Current tax liabilities	-	5 954
Total liabilities	***2 859 686***	***3 291 058***
Equity and liabilities		
EQUITY		
Statutory capital	500 000	500 000
Retained earnings	58 789	57 271
Reserve and other funds of the bank	95 790	92 926
Other reserves	(12 817)	(746)
Total equity	***641 762***	***649 451***
Total liabilities and equity	***3 501 448***	***3 940 509***

Approved for release and signed

«20» April 2023 Chairman of the Board Viktoriia Ruda

Svitlana Chernukha Chief Accountant Nataliia Butenko

☎ (044) 207-20-35

Statement of total income, profit or loss by nature of expenses
For the year ended 31 December 2022

	Current reporting period	Comparative reporting period
Income from ordinary activities, incl.	499 915	699 259
Interest income, incl.	394 312	380 510
Interest income is calculated using the effective interest method	381 163	372 882
Other interest income	13 149	7 628
Commission income	99 825	299 770
Other income	5 778	18 979
Interest expenses	(188 635)	(152 591)
Commission expenses	(18 175)	(20 969)
Net profit (loss) from transactions with financial instruments at fair value through profit or loss	1 423	(150)
Net profit (loss) from transactions with debt financial instruments that are accounted for at fair value through other comprehensive income	773	3
Net profit (loss) from transactions with foreign currency	27 605	4 998
Net profit (loss) from foreign currency revaluation	49 038	849
Impairment profit and reversals of impairment losses (impairment losses) are defined in accordance with IFRS 9	(63 988)	52 520
Expenses for employee benefits	(194 527)	(228 847)
Depreciation expenses	(34 728)	(44 070)
Other administrative and operational expenses	(73 687)	(248 896)
Impairment profit and reversal of impairment loss (impairment loss) for non-financial assets	(426)	3 887
An impairment loss (reversal of an impairment loss) is recognized in profit or loss	1 697	(145)
Profit (loss) from operating activities	***6 285***	***65 848***
Profit (loss) arising from derecognition of financial assets valued at amortized cost	99	449
Accumulated profit (loss) previously recognized in other comprehensive income as a result of the reclassification of financial assets from the category measured at fair value through other comprehensive income to the category measured at fair value through profit or loss	11	3 632
Profit (loss) before taxation	***6 395***	***69 929***
Tax revenues (expenses)	(2 013)	(12 658)
Profit (loss) from ongoing operations	***4 382***	***57 271***
Profit (loss)	***4 382***	***57 271***
Basic profit per share (in UAH)		
Basic profit (loss) per share from ongoing operations	8.76	114.54
Total basic profit (loss) per share	***8.76***	***114.54***
Basic profit (loss) per share belonging to the bank's owners (in UAH)	***8.76***	***114.54***
OTHER COMPREHENSIVE INCOME		
Components of other comprehensive income that will be reclassified to profit or loss after taxation		
Financial assets are measured at fair value through other comprehensive income		
Profit (losses) from financial assets measured at fair value through other comprehensive income after tax	(12 060)	(1 497)
Amounts withdrawn from equity and adjusted for the fair value of financial assets as a result of reclassification and exclusion from the category assessed at fair value due to other comprehensive income after taxation	(11)	(3 632)
Other comprehensive income after tax financial assets measured at fair value through other comprehensive income	***(12 071)***	***(5 129)***
The total amount of other comprehensive income that will be reclassified to profit or loss after tax	***(12 071)***	***(5 129)***
Total other comprehensive income	***(12 071)***	***(5 129)***
Total comprehensive income	***(7 689)***	***52 142***

Approved for release and signed

«20» April 2023

Chairman of the Board — Viktoriia Ruda

Svitlana Chernukha

Chief Accountant — Nataliia Butenko

☎ (044) 207-70-35

Statement of cash flow, direct method
For the year ended 31 December 2022

	Current reporting period	Comparative reporting period
Cash flows from (for) operating activities		
Categories of cash inflows from operational activities		
Commission income received	100 717	300 169
Net (increase)/decrease from transactions with financial instruments at fair value through profit or loss	(1 969)	1 974
Net (increase)/decrease from foreign currency operations	27 605	4 998
Other cash inflows from operating activities	5 877	18 015
Categories of cash payments from operating activities		
Paid commission expenses	(23 758)	(19 932)
Payments to employees and payments on their behalf	(196 257)	(227 552)
Paid administrative expenses and other operational payments	(72 337)	(242 296)
Net cash flows from (used in) operations	**(160 122)**	**(164 624)**
Net (increase)/decrease in customer loans and receivables	307 028	532 080
Net (increase)/decrease in other financial assets	(35 914)	355 699
Net (increase)/decrease in other assets	3 674	12 878
Net increase/(decrease) in client funds	(580 346)	(182 589)
Net increase/(decrease) in other financial liabilities	(15 432)	(3 078)
Net increase/(decrease) in other liabilities	(4 637)	(11 207)
Interest paid	(189 339)	(159 337)
Percentages received	389 051	363 294
Return of income taxes (payment)	(14 379)	(7 883)
Net cash flows from operating activities (used in operating activities)	**(300 416)**	**735 233**
Cash flows from (for) investment activities		
Purchase of securities	-	(146 290)
Proceeds from the sale of investments in securities	439 951	-
Purchase of fixed assets	(1 072)	(18 331)
Purchase of intangible assets	(273)	(10 664)
Proceeds from the sale of investment real estate	-	63 797
Net cash flows from investing activities (used in investing activities)	**438 606**	**(111 488)**
Cash flows from (for) financial activities		
Payments under rental liabilities	(16 646)	(26 326)
Net cash flows from financing activities (used in financing activities)	**(16 646)**	**(26 326)**
Net increase (decrease) in cash and cash equivalents before exchange rate changes	**121 544**	**597 419**
The impact of exchange rate changes on cash and cash equivalents		
The impact of exchange rate changes on cash and cash equivalents	57 510	37 350
Impact of expected credit losses on cash and cash equivalents	1 497	(1 533)
Net increase (decrease) in cash and cash equivalents after the impact of exchange rate changes	**180 551**	**633 236**
Cash and cash equivalents at the beginning of the period	1 501 448	868 212
Cash and cash equivalents at the end of the period	1 681 999	1 501 448

Approved for release and signed

«20» April 2023

Chairman of the Board — Viktoriia Ruda

Chief Accountant — Nataliia Butenko

Svitlana Chernukha
☎ (044) 207-70-35

Statement of changes in equity
For the year ended 31 December 2022

Current reporting period

	Notes	Share capital: Ordinary shares	Share capital: Preferred shares	Statutory capital	Reserve and other bank funds	Other reserves	Retained earnings	Equity
Equity at the beginning of the period		**500 000**	**-**	**500 000**	**92 926**	**(746)**	**57 271**	**649 451**
Changes in equity								
Comprehensive income								
Profit (loss)		-	-	-	-	-	4 382	4 382
Other comprehensive income		-	-	--	-	(12 071)	-	(12 071)
Comprehensive income		-	-	-	-	***(12 071)***	***4 382***	***(7 689)***
Increase (decrease) in equity		-	-	-	-	***(12 071)***	***4 382***	***(7 689)***
Distribution of profits of past years		-	-	-	2 864	-	(2 864)	-
Equity at the end of the period		**500 000**	**-**	**500 000**	**95 790**	**(12 817)**	**58 789**	**641 762**

Comparative reporting period

	Notes	Share capital: Ordinary shares	Share capital: Preferred shares	Statutory capital	Reserve and other bank funds	Other reserves	Retained earnings	Equity
Equity at the beginning of the period		**500 000**	**-**	**500 000**	**35 776**	**4 383**	**57 150**	**597 309**
Changes in equity								
Comprehensive income								
Profit (loss)		-	-	-	-	-	57 271	57 271
Other comprehensive income		-	-	--	-	(5 129)	-	(5 129)
Comprehensive income		-	-	-	-	(5 129)	57 271	52 142
Increase (decrease) in equity		-	-	-	-	***(5 129)***	***57 271***	***52 142***
Distribution of profits of past years		-	-	-	57 150		(57 150)	-
Equity at the end of the period		**500 000**	**-**	**500 000**	**92 926**	**(746)**	**57 271**	**649 451**

Approved for release and signed

«20» April 2023 Chairman of the Board Viktoriia Ruda

Svitlana Chernukha Chief Accountant Nataliia Butenko
☎ (044) 207-70-35

Board of JSC»BANK FOR INVESTMENTS AND SAVINGS» dated 20.04.2023 (Minutes No. 20/04-1)
The notes on pages 12 to 82 form an integral part of these financial statements

1. General information on financial statements

Name of reporting entity or other means of identification	JOINT STOCK COMPANY «BANK FOR INVESTMENTS AND SAVINGS»
Identification code of the legal entity	33695095
Company website	www.bisbank.com.ua

Explanation of changing the name of the reporting entity or other methods of identification compared to the end of the previous reporting period

In comparison with the end of the previous reporting period, there was no change of name or other identification methods.

Description of the nature of the financial statements

Financial statements for the period ended 31 December 2022 prepared by the Bank in accordance with the International Financial Reporting Standards (IFRS) adopted and issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC). The Bank maintains accounting records in accordance with IFRS. These financial statements are prepared on the basis of the assumption that the Bank is an entity able to continue as a going concern for the near future.

Date of the end of the reporting period 2022-12-31

Period covered by financial statements

Year ending 31 December 2022

Description of the submission currency

The reporting currency corresponds to the functional currency, which is the national currency of Ukraine - the hryvnia.

Rounding level used in financial statements

The report is in thousands of hryvnias, rounded to whole numbers

2. Corporate Information and IFRS Compliance Report

Name of reporting entity or other means of identification

JOINT STOCK COMPANY «BANK FOR INVESTMENTS AND SAVINGS»

Identification code of the legal entity 33695095

Origin of the business entity

The Bank is an independent financial institution that is not part of consolidated groups and is not a subsidiary of other companies. The supreme governing body of the Bank is the general meeting of shareholders.

Legal form of entity

Joint Stock Company

Country of registration

Ukraine

Address of the registered office of the business entity

Yuriy Illenka Street, bldg. 83-D, KYIV, 04119

The main place of business activity

Yuriy Illenka Street, bldg. 83-D, KYIV, 04119

Branches of reporting entity, addresses and phone numbers

Regional network: During 2022, the work of branches was optimized taking into account the situation in the country. As of the end of the day of 31.12.2022, the total number of branches is 35, which ensures the smooth operation of the Bank in the vast majority of regions of Ukraine. During the martial law, branches in the south and southeast of Ukraine work in a limited mode.

Description of the nature of functioning and main activities of the entity

The main counterparties of the Bank are enterprises of the real sector of the economy, diversified by industry and represented both in the segment of corporate business and SMB, non-bank institutions and individuals. Since 2006, the Bank has been a member of the international payment system SWIFT. Since 2008, the Bank is a member of the International Payment System Visa International, received a registration certificate of the National Bank of Ukraine, confirming the right to issue Visa International payment cards, and began issuing payment cards of this system: Visa Classic, Visa Gold and Visa Platinum. The Bank is a member of the Association «Stock Exchange PFTS.». The Bank was the first in Ukraine, together with Visa, to launch the Visa B2B Connect payment service for fast and secure international transactions for small and medium-sized businesses. The Bank is an authorized bank of the State Program «Affordable Loans 5-7-9%», which is implemented by the Business Development Fund.

Statement of compliance with IFRS requirements

The statement is prepared in accordance with the requirements of IFRS.

Existing licenses: type, periods

The Bank provides banking services in accordance with the Banking License No. 221 dated 24.10.2011, received from the National Bank of Ukraine. The bank has the following licenses and decisions for carrying out activities on the stock market: - License of the National Commission for Securities and the Stock Market, series AE No. 286951 dated 15.07.2014 «Professional activity on the stock market - securities trading activity (Brokering activity) ». The validity period of the license is unlimited from 25.07.2014; - License of the National Securities and Stock Market Commission, series AE No. 286952 dated 15.07.2014 «Professional activity on the stock market - securities trading activity (Dealing activity) ». The validity period of the license is unlimited from 25.07.2014. The Bank is an active member of the Individual Deposit Guarantee Fund (Fund member certificate No. 174 dated 19.11.2012). The bank does not have the status of a specialized bank. As of the end of the day on 31 December 2022, the Bank has a confirmed credit rating of the independent rating agency «Rurik» at the level of uaAA («stable forecast»), as well as the reliability rating of deposit deposits at the level of «r4» («high reliability»). During 2022 year, regardless of the state of war, the Bank confirmed the appropriate rating level. In 2022, the Bank won the «BANK OF THE YEAR-2022» contest held by the International Financial Club «Bankir» and received an award in the nomination «Bank that works stably and reliably in wartime conditions».

3. The economic environment in which the bank operates

At the beginning of 2022 year, Ukraine's economy was open, non-diversified and considered market with signs of an emerging market, dependent on world commodity prices and low liquidity in the international capital market. The development of Ukraine's economy depended on the foreign trade situation, the receipt of international financial assistance, including the International Monetary Fund, the agreed policy and decisions of the Government, the Verkhovna Rada, the National Bank of Ukraine and the President's Office in overcoming the pandemic, maintaining macroeconomic stability, maintaining socio-political stability, as well as preventing the escalation of the conflict in the east of the country.

The situation has changed dramatically on 24 February 2022, the day of the full-scale invasion of russian troops on the territory of Ukraine. Martial law was introduced throughout Ukraine. Hostilities were conducted along the entire line of the northeast, east, south, southeast and in the direction of Kyiv. The invaders tried to establish control over the regional centers of the northeast - Chernihiv, Sumy, Kharkiv and take Kyiv into the ring, 10 regions were covered by hostilities. Gradually, with the help of weapons coming from abroad and widespread mobilization, part of the Ukrainian territories was de-occupied, but the war continued to be in the acute phase. Fighting continues almost along the entire line of the east, southeast and south. russian troops carry out missile attacks on the territory of Ukraine behind the front line, causing deaths and destroying civilian and critical infrastructure, residential complexes, property of citizens and the economy. Real GDP fell by a third. Direct losses of Ukraine from the war amount to about 126 billion USD.

Russia's attack led to disruption of supply chains, reduced demand and uneven distribution, increased business costs and physical destruction of assets of households and enterprises. However, economic activity from the 2nd quarter was slowly restored due to the further liberation of Ukrainian lands, the adaptation of business to new conditions and the work of the so-called «grain corridor». The latter factor led to a positive contribution to GDP growth. However, the existing logistical problems, especially in metallurgy, the destruction of capacities, in particular in the energy sector, and the decline in real incomes of the population constrain the economic recovery. Agriculture is expected to make a significant negative contribution to the change in real GDP - both due to lower yields this year and significantly smaller acreage. Estimates of the country's available losses range from 564 to 600 billion USD.

War-induced increases in commodity prices and increased price pressures, disruption of supply chains, reduced demand and uneven distribution, increased business costs and the physical destruction of household and enterprise assets have led to higher inflation in 2022. According to the Ministry of Economy of Ukraine, consumer inflation in 2022 amounted to 26.6%, which is significantly less than forecasts. Despite concerns about the development of hyperinflationary processes and the high probability of its rate going beyond 30%, the inflation rate under such force majeure conditions turned out to be quite moderate. However, energy problems caused by shelling of critical infrastructure may affect the growth of inflation in the first quarter of 2023. In general, according to the forecasts of the Ministry of Economy in 2023, the level of consumer inflation is expected at 28%. According to the Ministry of Economy, the level of GDP decline in 2022 is estimated at 30.4%, which is the worst indicator in the history of the country's independence. Among the positive economic factors, there was an improvement in the dynamics of transport, both as a result of an increase in the export of agricultural products by sea, and due to an increase in the transportation of goods by rail. There is further repair and construction of infrastructure structures and border roads and customs crossings damaged as a result of hostilities, as well as work to restore the functioning of roads, safe logistics chains are created in de-occupied territories. Stabilization of fuel prices through the establishment of logistics chains for the supply of petroleum products and operational diversification of suppliers also balanced the domestic market and contributed to reducing inflationary pressure on the economy against the background of falling external prices, especially for energy. Despite the continuation of hostilities, GDP growth in 2023 is projected at 3.2%.

The war caused the greatest crisis in the labor market of Ukraine. So, in March 2022, the number of jobs offers fell 15 times, but at the end of 2022 the market recovered only half of the pre-war level. In 2022, the labor market moved to employers. Vacancies decreased at times, 30% of Ukrainians lost their jobs. Demand for work has increased fivefold. And if in March more than 100 applicants applied for one vacancy, then as of the end of 2022, competition among applicants has decreased significantly. Against the background of migration of Ukrainians abroad, joining the ranks of the Armed Forces of Ukraine, power outages, the total number of people of working age in the labor market decreased.

According to the UN, at the end of 2022, the level of displaced persons remains at a fairly high level: about 7.6 million Ukrainian citizens remain abroad due to the war. Of these, about 3 million people are in russia, including through forced removal. In Europe there are about 4.5 million Ukrainians.

The fiscal policy of the country in 2022 was ultra-soft, as evidenced by a significant negative primary budget balance, as well as tax incentives to support business that were introduced at the beginning of the war. Some narrowing of the budget deficit reflects some economic recovery, as well as an increase in grant international support. International financial assistance became the main source of covering significant budgetary needs during the war.

According to the State Treasury, the general budget fund received 1 491,1 billion UAH during the 2022 year, and Ukraine attracted 564,2 billion UAH from external sources. European Union loans under the emergency macro-financial assistance package have the largest share of external attraction. In addition, during the year 480,6 billion UAH came to the general fund of the state budget in the form of grants. Ukraine paid 448,6 billion UAH to pay off public debt, another 156,5 billion UAH - to service these debts. Cash expenditures of the state budget amounted to 2 702,4 billion UAH. For 2022, the state budget was executed with a deficit of 911,1 billion UAH, including the general fund - in the amount of 909,5 billion UAH, against the deficit planned by the general fund for 2022 in the amount of 1399,5 billion UAH.

In 2022, the National Bank of Ukraine pursued a balanced exchange rate policy, changing the hryvnia to the US dollar in the 3rd quarter, but leaving it fixed. Operations in the foreign exchange market were restrictive, but the demand for foreign currency was significant both from the population and from business. Thus, the net sale of foreign currency since the beginning of the year amounted to 23,1 eq billion US dollars, while international foreign exchange reserves as of 01.01.2023 amounted to about 28,5 billion USD. The level of foreign exchange reserves was periodically replenished at the expense of international donors.

In general, in 2022, the macroeconomic situation in Ukraine was extremely difficult. During the year, the United States and EU countries took measures to provide economic and military support to Ukraine in order to end the war as soon as possible and restore Ukraine. However, the continuation of hostilities in 2023 remains the main risk. World inflation in developed countries will somewhat change investment policy in developing countries and shift the economic focus from the processes of recovery of the Ukrainian economy, which will affect its growth rate. The current state and problems in the commodity and commodity markets caused by military actions in Ukraine, as well as the market world's abandonment of cheap russian gas and oil, will become catalysts for new processes in the world. The main risks for the banking system of Ukraine are significant exchange rate fluctuations in world currencies, non-repayment of loans by borrowers due to loss of business or jobs, the need to maintain the capitalization of the banking system at the required level and cover significant operational risks with equity.

As of the end of the day 31.12.2022, the Bank's assets amounted to 3,5 billion UAH, the Bank's profit after tax amounted to 4,4 million UAH. The Bank continues to operate in war conditions, serving customers and providing the maximum possible list of banking services. Active work continues in regions where there is no fighting. The bank fulfills its obligations on time and provides payments to customers on time. The lender of last resort remains the National Bank of Ukraine.

The Bank maintains liquidity at a sufficient level, ensuring compliance with liquidity ratios established by the regulator. The Bank's capital adequacy also exceeds the normative values, maintaining the optimal ratio of equity to borrowed funds.

Management staff and owners of the Bank daily monitor the state of the Bank and take all possible measures necessary to reduce potential risks and threats of an economic nature.

4. List of accounting policies

Disclosure of material aspects of accounting policy

Basics of evaluation of financial reporting

The basis for evaluation the Bank's financial instruments is: fair value, initial cost, amortized cost.

Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in an ordinary (orderly, unconstrained) transaction between market participants at the measurement date. Fair value is determined in accordance with the requirements of International Financial Reporting Standard 13 «Fair Value Measurement».

Generally, the fair value of a financial asset at initial recognition is the actual transaction price (i.e., the value of compensation granted).

Initial value - historical (actual) cost of fixed assets or intangible assets in the amount of cash or fair value of other assets paid (transferred), spent to acquire (create) fixed assets or intangible assets.

Amortized cost of a financial asset or financial liability - the amount in which the financial asset or financial liability is measured at the time of initial recognition, less funds received or paid [principal amount of debt, interest income (costs) or other payments related to the initiation of a financial asset or financial liability], increased or decreased by the amount of accumulated depreciation calculated using the effective interest rate - the difference between the initially recognized amount and the repayment amount of the financial instrument, as well as for financial assets adjusted for the estimated provision for credit losses.

The effective interest rate method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and the distribution of income in the form of interest or interest expense over an appropriate period of time.

Effective interest rate - a rate that accurately discounts the expected flow of future cash payments or receipts over the expected life of a financial asset or financial liability to the gross carrying amount of the financial asset or to the amortized cost of the financial liability. The Bank calculates the effective interest rate based on future expected cash flows, taking into account all the terms of the contract for the financial asset, excluding expected credit losses.

Effective interest rate adjusted for credit risk - a rate that accurately discounts the expected flow of future cash payments or receipts over the expected life of a financial asset to the amortized cost of a financial asset that is an acquired or created impaired financial asset. The Bank calculates the effective interest rate adjusted for credit risk on the basis of future expected cash flows, taking into account all the terms of the contract for the financial asset and the expected credit losses.

The Bank's accounting policy for the recognition and measurement of specific assets and liabilities, income and expenses are disclosed in the relevant notes to this report.

Preparation of financial statements in accordance with IFRS requires the Bank to form certain judgments, estimates and assumptions that affect the application of accounting policies, as well as the amount of assets and liabilities, income and expenses reflected in the statements. Estimates and related assumptions are based on historical experience and other factors that are considered reasonable in these circumstances, the results of which form the basis for judgments regarding the carrying amounts of assets and liabilities. The judgments that have the most significant impact on the amounts recognized in the financial statements and the estimates that may result in significant adjustments to the carrying amounts of assets and liabilities during the following periods include:

Going concern - these financial statements are prepared on the basis of the assumption that the Bank is able to continue as a going concern in the near future, has neither the intention nor the need to liquidate or significantly reduce its operations.

Chamber of Commerce and Industry of Ukraine by general official letter dated 28.02.2022 No. 2024/02.0-7.1 showed force majeure - the military aggression of the russian federation against Ukraine, which became the basis for the introduction of martial law from 05 hours 30 minutes 24.02.2022. for a period of 30 days in accordance with the Decree of the President of Ukraine of 24.02.2022 No. 64/2022 «On the introduction of martial law in Ukraine» with further continuation. The unpredictability of scenarios for the further deployment of hostilities does not allow us to accurately assess what proportion of customers will be able to return to normal loan servicing and in what time horizon. However, even in the optimistic scenario of events, losses for the banking system of Ukraine as a whole will be significant.

The introduction of martial law in Ukraine since 24.02.2022 at the time of compiling these financial statements for the 2022 year did not significantly affect the Bank's ability to continue operations on a continuous basis.

The Supervisory Board, the Management Board and the committees of the Management Board of the Bank continue to perform their functions, they properly and fully ensure the fulfillment of all their functions without losing control and stopping the vital processes of the Bank's activities.

The management of the Bank carried out an assessment of the existing materiality of the uncertainty associated with the large-scale military aggression of the russian federation against Ukraine and the ongoing hostilities on the territory of our country, which have already caused and continue to cause significant negative consequences, both for the country's economy as a whole and for clients Bank, in particular, on the assumptions underlying the going concern assessments.

The owners of the Bank, the Supervisory Board of the Bank and the Management Board of the Bank will be able to ensure the full functioning of the Bank in the conditions of martial law for at least 12 months from the date of this financial statement.

Despite this, there is a material uncertainty related to the unforeseeable impact of the ongoing hostilities in Ukraine on the assumptions underlying management's estimates and may cast doubt on the Bank's ability to continue as a going concern, which could affect the Bank's inability to realize its assets and repay its liabilities in the normal course of business.

In the current circumstances, the management staff has considered the objective and subjective factors related to the future activity in the time interval of more than 12 months and, based on the essential judgments, the management has no doubts that there are no events or conditions that would be able to put under the ability of the Bank to continue its activities on a continuous basis is threatened.

An additional factor when initiating the appropriateness of the assumption of continuity, which the management and shareholders take into account, is the management's intentions to effectively implement the going concern plan, overcome (if necessary) identified operational (information) risks, credit risk and liquidity risk. For this purpose, the Bank ensures its own ability to cover with available high-quality liquid assets significant outflows of funds that may be realized during the crisis period, and also adapts its business model to work in conditions of a significant economic downturn, maintaining operational efficiency and relying on forecast liquidity indicators, capital adequacy standards, the size of the loan portfolio and expected loan losses.

In addition, the Bank's activity does not depend on the russian and belarusian markets, the Bank has no assets in the russian federation and the republic of belarus, the concentration of balances on customer accounts and directly the number of customers - residents of the russian federation and the republic of belarus are small, and the value of the Bank's own assets located in in the combat zone - insignificant. The Bank has no related parties, and the Bank's ownership structure does not include owners who have direct or indirect connections with known politically significant persons or organizations with a hidden connection with belarusian or russian individuals and legal entities. which are subject to sanctions.

Taking into account the mentioned circumstances and the intensification of efforts to increase the Bank's profitability, the Bank's management believes that the Bank's activities in the near future will be characterized by further rates of business development. In the Bank, there are sufficient grounds for drawing up financial statements in compliance with the principle of continuity of the Bank's activities.

Losses from recognition of credit impairment.

Assessment of provisions for impairment losses requires the use of significant professional judgments. The Bank regularly reviews its loans for impairment purposes. The Bank assesses provisions for active operations in order to maintain reserves at a level that management believes will be sufficient to cover losses incurred in relation to the Bank's loan portfolio. The calculation of provisions for loans for which the Bank recognized a decrease in utility is based on estimates made using statistical methods based on historical experience. The results obtained are adjusted based on the professional judgment of the management. In the Bank's opinion, accounting estimates related to the determination of the amount of provisions to cover losses from the decrease in the usefulness of loans, are the main source of valuation uncertainty due to the fact that they are particularly sensitive to changes from period to period, whereas assumptions about the future level of default and the assessment of potential losses, related to the decrease in the usefulness of loans and funds provided, based on the latest performance indicators of the Bank, and any material difference between the expected losses of the Bank recognized in provisions, and actual losses will require the Bank to make provisions the amount of which may materially affect its Statement of Comprehensive Income, profit or loss, by the nature of the expenses and the Statement of Financial Position, by way of liquidity in future periods. The amounts of provisions for losses from impairment in the financial statements were determined on the basis of existing economic and political conditions. The Bank is not able to predict what changes in the economic and political situation will occur in Ukraine and what impact such changes may have on the adequacy of provisions to cover losses in future periods.

The statements provide information on the carrying value of loans and the amount of recognized credit risk. If the actual repayment amounts were less than management estimates, the bank.

In addition, when classifying credit transactions, the Bank applies the right to use judgment to justify non-recognition of default on solvent borrowers. The decision of the Bank's Credit Committee in 26.01.2023 documented the accumulated own experience regarding historical losses on loans granted to legal entities and individuals, financial obligations (guarantees), receivables as of 01.01.2023 and approved appropriate default probability indicators for the purpose of calculating historical reserves.

The Bank also uses the recommendations of the National Bank of Ukraine on loan restructuring in compliance with a balanced approach.

Description of accounting policy for borrowings

Description of accounting policy for provided borrowings

In the ordinary course of business, the Bank provides funds or places deposits with other banks for different periods.

Funds provided to banks with fixed maturities are measured at amortized cost using the effective interest method. Funds that do not have fixed maturities are accounted for at amortized cost in accordance with the expected maturity dates of such assets. Amounts placed with banks are accounted for less any provision for impairment losses.

Description of cash flow accounting policy

Definition of cash flow characteristics

The Bank's asset management business model is a set of intentions, policies, methods and procedures that determine:

- a method of managing financial assets to achieve a certain goal;
- directions (sources) of obtaining economic benefits from such assets;
- a way of generating cash from the use of such assets.

For debt financial assets, depending on the purpose of managing them, the Bank allocates 3 business models:

- Business Model 1 - assets held solely for the purpose of obtaining contractual cash flows;

Main characteristics of model 1:

- retention of assets in order to obtain cash flows that are provided for by the terms of the relevant contracts;
- sales are secondary to the purpose of this model; as a rule, rare sales (in the context of the frequency of their implementation and volume).
- Business Model 2 - assets held for the purpose of obtaining contractual cash flows or sales;

Main characteristics of model 2:

- the goal is achieved both as a result of obtaining contractual cash flows and as a result of selling the asset; as a rule, more sales (in the context of their frequency of implementation and volume) in comparison with model 1.
- Business Model 3 - all other assets (including trading, asset management based on fair value, increasing cash flows to the maximum through the sale of assets).

For capital instruments, depending on the purpose of managing them, the Bank distinguishes two business models: Business Model 2 or Business Model 3.

For debt financial instruments, the conditions of concluded contracts are analyzed to determine the economic essence of cash flows. Such analysis is carried out through SPPI testing.

Depending on the defined asset management model and the result of the SPPI test (passing or not passing the SPPI test), financial assets are classified according to valuation (accounting) models as evaluated:

- at amortized cost (Business Model 1 and SPPI test passed);
- at fair value, reflecting the result of the revaluation in profit or loss (FVPL (fair value through profit or loss)) (Business model 3 and SPPI-test passed or SPPI-test failed);
- at fair value with reflection of revaluation in other comprehensive income (in equity) (FVOCI (fair value through other comprehensive income)) (Business model 2 and SPPI-test passed).

Description of collateral accounting policy

Collateral or other collateral, the fair value of which should take into account both credit and currency risks, acts as collateral for the fulfillment of obligations on the funds provided/placed. The pledged property is used when calculating provisions for credit risks at fair value on the basis of reports prepared by valuation entities that are not related to the Bank, or the property appraiser is an employee of the Bank who has the appropriate qualification certificate of the appraiser. When determining the value of collateral, an estimated value is applied, which is based on the professional opinion of valuation specialists. Taking into account the observance of the principle of periodic updating of the value of property regulated by Resolution No. 351 of the National Bank of Ukraine, the Bank verifies the collateral assessment reports provided by customers. The Bank uses individual and automatic methods of verification of the value of pledged property. Taking into account the fact that the most common (traditional) method of determining the market fair value of property used by appraisers is comparative and profitable methods, respectively, during the verification of reports, the Bank pays significant attention to the selected analogues, including for their adequacy, co-dimensionality, similarity and conformity of the proposal to analogues of market conditions. During the martial law in Ukraine, when assessing collateral for active operations, the Bank, like other subjects of the credit market, takes into account the possibility of the impact of loss of control over it, destruction, fall in prices, reduction of the sales market, possible increase in sales costs, etc.

Based on the above, the reserve from the decrease in the utility of loans is affected by the application of the estimated value of the collateral.

The Bank estimates the negative impact of the consequences of a full-scale invasion of the russian federation on the fair value of collateral as moderate. But in order to assess the situation, build appropriate forecasts in the future, the Bank will regularly monitor migration and loan defaults, if necessary, review the risk appetite of the Bank and conduct stress testing of risks taking into account the circumstances caused by active hostilities, including on collateral.

Collateral received for non-payment represents financial and non-financial assets received by the Bank in the settlement of overdue loans. These assets are initially recognized at fair value on receipt and are included in property,

plant and equipment, other financial assets, investment property or reserves in other assets depending on their nature and intentions of the Bank in relation to their content, and are subsequently accounted for in accordance with the Bank's accounting policy for these categories of assets.

Description of accounting policy for deferred income tax

Taxation of the Bank's profit during the reporting year was carried out in accordance with the requirements of the Tax Code of Ukraine. The income tax rate in 2022 is set at 18%.

When determining temporary differences that are associated with deferred taxes, the bank uses a method that is based on the use of the appropriate balance sheet and tax base.

According to IAS 12 «Income taxes», temporary differences are differences between the carrying amount of an asset or liability in a statement of financial position and its tax base. Deferred tax assets and deferred tax liabilities are calculated by the Bank quarterly (taking into account the frequency of interim financial statements).

Income tax expense in financial statements consists of current tax and changes in deferred tax amounts.

Income tax expense is recognized in profit or loss, except for amounts attributable directly to equity.

Description of Depreciation Policy

The value of all non-current assets is subject to depreciation (except for the value of land and unfinished capital investments). Depreciation is not accrued if the carrying amount of non-current assets is equal to their liquidation value.

Depreciation of non-current assets is accrued from the first day of the month following the month of their acquisition and ceases from the first day of the month following the month of disposal of the fixed asset.

The norms for which depreciation of non-current assets is charged are calculated depending on the period of their useful use (operation) according to a straightforward method.

Depreciation of fixed assets and intangible assets is accrued during the useful life (operation) of an object that is established by a permanent commission during their initial recognition, based on the terms of useful use of individual groups and subgroups of fixed assets classified by the Bank for analytical accounting, and the terms of useful use of intangible assets that are established in title documents (contracts, licenses, etc.), taking into account the minimum permissible terms of depreciation determined by the Tax Code of Ukraine, namely:

- land plots - not amortized;
- houses, structures and transmission devices - 20 years;
- machinery and equipment - from 4 to 10 years;
- vehicles (cars) - 5 years;
- tools, devices, inventory (furniture) - from 4 to 5 years;
- other fixed assets - 12 years.

Depreciation of low-value non-current tangible assets is charged in the first month of use of the object in the amount of 100% of its value.

In the reporting year 2022, the Bank did not make any changes in depreciation rates and useful lives of non-current assets.

Description of accounting policy for amortization costs of intangible assets

Intangible assets include non-monetary assets that have no material form and can be identified. An intangible asset is recognized as an asset if there is a probability of obtaining future economic benefits associated with its use, and its value can be reliably determined. Intangible assets include acquired licenses and software and are recorded at cost, which consists of the actual costs of acquisition (manufacture) and bringing them into a state in which they are suitable for use in accordance with the planned purpose.

Subsequently, intangible assets are recognized at cost less accumulated depreciation and accumulated impairment losses.

For each intangible asset, an individual useful life is established, which is determined by the Bank independently, based on the following criteria: the experience of the Bank with similar assets, modern trends in the development of software products, operational characteristics.

Amortization rates and useful lives of intangible assets put into operation are revised if the expected benefits from their use change. During the reporting year 2022, the Bank did not make any changes in depreciation rates and useful lives of intangible assets.

Description of accounting policy for recognition of financial instruments

A financial instrument is a contract according to which a financial asset arises simultaneously from one entity and a financial obligation or equity instrument from another entity.

At initial recognition, financial instruments at fair value through profit or loss are measured at fair value, excluding transaction costs. The Bank reflects in accounting the costs of operations for the acquisition of such financial instruments on income/expense accounts during the initial recognition of financial instruments.

The Bank assesses all other financial instruments at initial recognition at fair value to which transaction costs are added.

Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability under a transaction that is carried out in the usual manner between market participants, at the measurement date. The best evidence of fair value is the quoted price in the active market. An active market is a market in which transactions with an asset or liability are carried out with sufficient frequency and in sufficient volume, which allows you to obtain information about valuations on an ongoing basis.

The fair value of a financial instrument at initial recognition is usually the transaction price (i.e., the fair value of the consideration granted or received (based on p.AG76 IFRS 13)). However, if any part of the consideration granted or received relates not to a financial instrument, but to something else, the Bank assesses the fair value of that financial instrument. For example, the fair value of a non-interest-bearing long-term loan or receivable can be measured as the present value of all future cash receipts discounted at the prevailing market interest rate (s) for a similar instrument (similar to currency, term, interest rate type and other factors) with a similar credit rating. The amount lent in excess of this fair value is an expense or decrease in income, unless it is to be recognized as any other type of asset. For transactions with shareholders, such results are formed in the capital.

The Bank, at the time of initial recognition of a financial instrument, records a gain or loss on the difference between the fair value of the financial asset or financial liability and the contract value in correspondence with the discount/premium accounts if the effective interest rate on that instrument is higher or lower than the market rate. The difference between the fair value of the agreement with the shareholders of the Bank is recorded on the capital accounts and is included in parts in retained earnings (losses) during the period of its retention or the total amount at the time of disposal of the financial instrument.

All transactions for the acquisition or sale of financial assets that involve delivery during the period determined by the legislation or traditions of the market (transactions of «ordinary» purchase and sale) are recognized at the date of settlement, that is, at the date when the Bank actually delivers the financial asset. All other transactions for the acquisition of financial instruments are recognized when the Bank becomes a party to the agreement on the acquisition of a financial instrument.

Description of accounting policies for derecognition of financial instruments

The Bank ceases to recognize financial instruments in the following cases:
- repayment;
- sale;
- write-off at the expense of the reserve.

Description of accounting policies for derivative financial instruments

A derivative is a financial instrument or other contract that is characterized by the following features:

- its value changes in response to a change in the set rate of interest, price of a financial instrument, commodity price, exchange rate, price index or rates, etc., provided that in the case of a non-financial variable, this variable value is not determined for the party to the base contract;
- which does not require an initial net investment less than would be required for other types of contracts that are expected to have a similar response to changes in market factors;
- which is repaid on a future date.

The Bank enters into derivative agreements, including transactions for the sale and exchange (conversion) of foreign currency with other banks, and currency swaps designed to manage currency risk and liquidity risk, as well as for trading purposes. Such derivative financial instruments are initially measured and recorded in accounting at fair value. Transaction costs are recognized on expense accounts at the time of their initial recognition. All derivative financial instruments are recognized as assets when their fair value is positive and as liabilities when their fair value is negative.

The derivative financial instruments used by the Bank are not intended for hedging and do not qualify for hedge accounting.

Description of accounting policy for discontinued operations

In accordance with international financial reporting standards (IRFS), discontinued operations are a component of an entity that has been liquidated or that is classified as held for sale, and:

a) represents a separate main line of business or geographical region of activity;

b) is part of a single coordinated plan for the liquidation of a separate main line of business or geographical region of activity; c) is a subsidiary acquired solely for the purpose of resale.

During the reporting year 2022, the Bank did not stop banking operations in accordance with the license of the National Bank of Ukraine.

Description of dividend accounting policy

The ability of the Bank to declare and pay dividends is subject to the rules and regulations of Ukrainian legislation. Dividends are recognized as liabilities and are deducted from the amount of capital only if they were declared payable.

Dividends are a part of net profit distributed between shareholders in accordance with their share in the authorized capital of the Bank. Dividends are paid from the net profit of the reporting year and/or retained earnings based on the decision of the General Meeting of Shareholders. The amount of dividends is determined by the decision of the General Meeting of Shareholders.

No dividends were accrued or paid to shareholders during the reporting year 2022. As of the reporting date, the Bank's balance sheet accounts payable to the Bank's shareholders for dividends from profits received in 2018 in the amount of 9 085 thousand UAH. Taxes on the amount of accrued dividends paid in full. Due to restrictive measures in the Bank's activity applied by the NBU in 2019, dividends were not paid.

Description of accounting policy for earnings per share

As of 31.12.2022 registered and fully paid-up authorized capital consisted of 500 000 ordinary (ordinary registered) shares with a nominal value of each 1 000 UAH. All ordinary shares give the same voting rights on the principle of «one share - one vote». Due to the fact that all shares of the Bank are ordinary shares of the same class, they give the same rights to their owners to receive dividends.

Basic earnings per share are calculated by the Bank by dividing the profit attributable to holders of ordinary shares of the Bank by the weighted average number of ordinary shares outstanding during the period.

During the reporting period, the Bank had no instruments in circulation that potentially diluted earnings per share.

Description of accounting policies for employee benefits

Employee benefits include:

a) short-term payments:

- wages, social security contributions;
- paid annual leave and temporary disability;
- participation in bonuses,

(b) other long-term benefits, such as long-term disability benefits.

The main deductions from payments made by the Bank to its employees are personal income tax and military duty. Also, when making settlements with Bank employees and employees performing work under civil law contracts, a single contribution to the wage fund is calculated.

The Bank monthly calculates and forms security for payments in respect of unused vacations of the Bank's employees. The Bank's non-state pension program is not implemented.

Description of accounting policies for fair value measurement

Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability under a transaction that is carried out in the usual manner between market participants, at the measurement date. The best evidence of fair value is the quoted price in the active market. An active market is a market in which transactions with

an asset or liability are carried out with sufficient frequency and in sufficient volume, which allows you to obtain information about valuations on an ongoing basis.

A portfolio of financial derivatives that are not traded on an active market is measured at fair value based on the price that would be obtained when selling a net long position (i.e. an asset) for taking a specific risk or when transferring a net short position (i.e. an obligation) for taking credit risk when conducting a conventional transaction between market participants at the measurement date.

Valuation models are used to determine the fair value of financial instruments for which market information on the transaction price is not available.

The fair value of a financial instrument at initial recognition is usually the transaction price (i.e., the fair value of the consideration granted or received (based on p.AG76 IFRS 13). However, if any part of the consideration granted or received relates not to a financial instrument, but to something else, the Bank assesses the fair value of that financial instrument. For example, the fair value of a non-interest-bearing long-term loan or receivable can be measured as the present value of all future cash receipts discounted at the prevailing market interest rate (s) for a similar instrument (similar to currency, term, interest rate type and other factors) with a similar credit rating. The amount lent in excess of this fair value is an expense or decrease in income, unless it is to be recognized as any other type of asset. For transactions with shareholders, such results are formed in the capital.

The Bank, at the time of initial recognition of a financial instrument, records a gain or loss on the difference between the fair value of the financial asset or financial liability and the contract value in correspondence with the discount/premium accounts if the effective interest rate on that instrument is higher or lower than the market rate. The difference between the fair value of the agreement with the shareholders of the Bank is recorded on the capital accounts and is included in parts in retained earnings (losses) during the period of its retention or the total amount at the time of disposal of the financial instrument.

All transactions for the acquisition or sale of financial assets that involve delivery during the period determined by the legislation or traditions of the market (transactions of «ordinary» purchase and sale) are recognized at the date of settlement, that is, at the date when the Bank actually delivers the financial asset. All other transactions for the acquisition of financial instruments are recognized when the Bank becomes a party to the agreement on the acquisition of a financial instrument.

Description of income and expense accounting policies

Income and expenses recognized by the Bank from operations to be reflected in the financial statements are allocated to income and expenses resulting from the Bank's operating, investment and financial activities.

Income and expenses arising as a result of transactions are determined by an agreement between their participants or other documents issued in accordance with the requirements of the current legislation of Ukraine.

Items of income and expenses are estimated and accounted for during the period of economic operations, regardless of when the funds were received or paid. Amortization of the discount (premium) on financial instruments is carried out simultaneously with the accrual of interest.

The Bank recognizes interest income on financial assets carried at amortized cost at fair value with recognition of revaluation through other comprehensive income at effective interest rate to gross carrying amount, excluding:

- purchased or created impaired financial assets. For such financial assets, the effective interest rate adjusted for credit risk is applied to the amortized cost of the financial asset from the date of initial recognition;
- financial assets that were not purchased or created by impaired financial assets, but later became impaired financial assets. To such financial assets, the Bank applies an effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

The Bank recognizes interest income at the effective rate of interest on the gross carrying amount of a financial asset from the next interest date if, as a result of certain events, the previously impaired financial asset has recovered and is no longer impaired.

According to IFRS 15 the bank applies such a five-step model (The 5-step model) of analysis to recognize income:

- contract identification;
- identification of individual obligations to be fulfilled within the framework of the concluded contract;
- determination of the contract price;
- distribution of the contract price between obligations for performance;
- recognition of income when (or as) the obligation to perform is fulfilled.

The Bank recognizes interest expense on financial liabilities at the effective rate of interest to the amortized cost of the liability.

The Bank shall not apply effective interest rate:

for recognition of income/expenses on financial assets and financial liabilities, the validity of which is limited to one calendar month;

- for recognition of income/expenses on financial assets and financial liabilities that are placed/raised on overdraft and overnight terms;
- for recognition of income/expenses on funds placed on current, correspondent accounts, deposit (deposit) accounts on demand;
- for recognition of income under revolving credit lines.

For financial instruments for which it is impossible to determine future cash flows and to which the effective interest rate does not apply, the Bank applies a nominal interest rate to recognize interest income.

All other payments, commissions and other income and expenses, as a rule, are accounted for by the accrual method, regardless of the degree of completion of a particular transaction, defined as the share of the actual service provided in the total volume of services to be provided.

Income/expenses for one-time services (for example, fees for currency exchange, provision (receipt) of consultations, etc.) are recognized without reflection on the accounts of accrued income (expenses) if the funds are received (paid) in the reporting period in which these services were actually provided (received).

Fees and other payments that are an integral part of the income/costs of the loan, until the time of the loan or tranche under the credit line are reflected by the Bank on the accounts of future income. Commissions received in advance are included in the financial instrument at the time of the issuance of such a loan by transferring the latter to discount (premium) accounts.

Based on the results of investment activities, the Bank recognizes:
- income/expenses from sale/purchase of fixed assets and intangible assets;
- income/expenses from the sale/purchase of investment property;
- income/expenses from the sale of investments in subsidiaries and associates;
- dividends received (income resulting from the Bank's investments in capital instruments)

etc.

Based on the results of operations related to financial activities, the Bank recognizes:
- income/expenses on transactions with securities of own debt;
- dividends paid during the reporting period;
- income arising from the issuance of equity instruments, etc.

Description of accounting policies for financial assets

Description of accounting policies for financial assets

Initial recognition and evaluation

On initial recognition, financial assets at fair value through profit or loss are carried at fair value; all other categories of financial assets - at fair value plus costs directly attributable to the acquisition of the financial asset. The best evidence of fair value at initial recognition is the transaction price. Gains or losses on initial recognition are recognized only when there is a difference between the fair value and the transaction price, which can be confirmed by other current transactions observed on the market with the same instrument or valuation model that uses as base data only observable market data.

Date of recognition

All transactions for the purchase and sale of financial assets that require the delivery of assets within the period prescribed by law, or in accordance with the rules adopted in the relevant market (trading on standard terms), are recognized on the date of the transaction, i.e., the date the Bank takes an obligation to buy or sell an asset. All other acquisition transactions are recognized when the Bank becomes a party to the contract in respect of the financial asset.

Classification and subsequent valuation of financial assets: valuation categories

Financial assets at initial recognition are classified as financial assets at fair value through profit or loss (FVPL (fair value through profit or loss)); financial assets measured at fair value through other comprehensive income (in equity) (FVOCI (fair value through other comprehensible income)), and financial assets measured at amortized cost (AC (amortized cost)). The classification of financial assets is based on a combination of the business model of managing the relevant portfolio of assets and cash flow characteristics, which determines the valuation model.

Defining a business model

The business model reflects the method used by the Bank to manage assets in order to obtain cash flows: whether the Bank's objective is to obtain only contractual cash flows from assets («withholding assets to obtain contractual cash flows»), or to obtain contractual cash flows, and cash flows arising from the sale of an asset («retention of assets to

obtain contractual cash flows and sale of financial assets») or, if these items cannot be applied above, financial assets belong to the category of «other» business models and are measured at fair value through profit or loss.

The business model is determined for a group of assets (at the portfolio level) on the basis of all relevant evidence that the Bank intends to perform to achieve the target set for the portfolios available at the valuation date.

Reclassification of financial assets

The condition for reclassification of debt financial assets is a change in the business model. That is, the Bank reclassifies debt financial assets in the event of a change in the business model used to manage them, except for financial assets, which the Bank determines at its discretion at fair value with the recognition of revaluation through gains / losses at initial recognition.

During the reporting year and the comparable period, the Bank did not change its business model and did not reclassify its financial asset portfolios.

Modification of financial assets

Sometimes the Bank reviews or modifies contractual terms for financial assets.

A modification may not result in derecognition of such financial asset or in derecognition of a financial asset followed by recognition of a new financial asset.

The recognition of an existing asset should be discontinued and a new one should be recognized if contractual cash flows change significantly as a result of negotiations or other modifications.

Factors to be analyzed for this purpose are proposed to be considered, among others, as follows:

- reducing the contractual cash flows to amounts that the borrower is expected to be able to pay if such borrower has financial difficulties;
- the establishment of significantly new conditions, such as linking the yield on the asset to the share of profit or capital, which significantly affects the risk profile of the financial asset;
- a significant extension of the loan due to the financial difficulties of the borrower;
- a significant change in the interest rate;
- changing the currency in which the loan is denominated;
- changes in collateral, other types of risk protection and mechanisms for improving credit quality, which significantly affects the credit risk inherent in a financial asset.

If the modified terms differ materially so that the cash flow rights on the primary asset expire, the Bank derecognizes the primary financial asset and recognizes the new asset at fair value. The date of revision of conditions is considered to be the date of initial recognition for the purpose of calculating the subsequent impairment, including to determine the fact of a significant increase in credit risk. The Bank also assesses the compliance of the new loan or debt instrument with the criterion for making payments solely on account of the principal amount of debt and interest. Any difference between the carrying amount of the primary asset that is derecognized and the fair value of the new, significantly modified asset is recognized in derecognized profit or loss, unless the difference relates to transactions with owners.

In case of changes in the terms of the contract or modification of the financial asset in accordance with the Regulation on the definition of business models for managing financial assets and testing cash flows under contracts for financial assets in JSC «BANK FOR INVESTMENTS AND SAVINGS», the Bank performs qualitative and quantitative analysis of changes in the terms of the contract or modification of the financial asset by testing cash flows under revised conditions to determine the materiality of changes. A modification results in derecognition if the discounted present value of cash flows on new terms, including any fees paid less any fees received and discounted at the original effective interest rate, differs by at least 10 per cent from the discounted present value of the residual cash flows on the original financial asset. The management of the Bank, in certain cases, reserves the right to exercise professional judgment as to whether to derecognize the original financial asset and to recognize the new financial asset at fair value or not.

In a situation where the renegotiation of the terms and conditions was caused by the borrower's financial difficulties and his inability to make initially agreed payments, the Bank compares the primary and adjusted expected cash flows on the asset for significant differences in risks and benefits on the asset as a result of modification of the terms of the contract. If the risks and benefits do not change, then a significant difference between the modified asset and the primary asset is absent and its modification does not lead to derecognition. The Bank recalculates the gross book value by discounting the modified cash flows of the contract at the primary effective rate (or at the effective interest rate adjusted for credit risk for acquired or created primary impaired financial assets) and recognizes the gain or loss from the modification in the profit or loss of the Bank.

The Bank recalculates the gross carrying amount of the financial asset and recognizes the income or expenses from the modification if the terms of the agreement on the financial asset are revised by agreement of the parties or any other modification occurs that does not lead to the derecognition of the original financial asset.

The Bank calculates the new gross book value as the present value of the revised or modified contractual cash flows discounted at the original effective interest rate (or the original effective interest rate adjusted for credit risk - for acquired or created impaired financial assets). The Bank shall include transaction costs in the carrying amount of the modified financial asset and amortize them over the life of such asset.

The Bank recognizes the difference between the gross carrying amount at initial conditions and the gross carrying amount at revised or modified conditions as income or expenses from modification.

The Bank ceases to recognize the original financial asset and recognizes a new financial asset if the revised or modified cash flows contemplated by the contract result in the derecognition of the original financial asset. The Bank recognizes at the date of modification a new financial asset at fair value, taking into account the transaction costs associated with the creation of a new financial asset (except for a new asset that is carried at fair value with recognition of revaluation through profit/loss), and determines the amount of expected credit losses within 12 months.

The Bank recognizes cumulative changes in expected credit losses over the life of a financial asset if the modification results in a new financial asset that is impaired at the time of initial recognition.

Write-off of financial assets

Financial assets are written off at the expense of reserves, when the Bank has exhausted all practical possibilities for their recovery and came to the conclusion that the expectations regarding the recovery of such assets are unreasonable. Write-off is the termination of recognition. Signs indicating the absence of reasonable expectations in relation to compensation are the delay in the period of limitation; debt repayment due to insufficient property of an individual, provided that the creditor's actions aimed at compulsory recovery of the borrower's property did not lead to full repayment of the debt; the impossibility of collecting debt in connection with the action of force majeure, natural disaster (force majeure), confirmed in the manner prescribed by law; overdue debt for more than 360 days. The Bank may write off financial assets for which enforcement measures are still being taken when the Bank tries to recover the amounts owed under the contract, although it does not have reasonable expectations regarding their recovery. Bad debts written off from the Bank's reserves are accounted for in off-balance sheet accounts, provided that the Bank has legal debt collection capabilities based on the decision of the Bank's Management Board. In the event of debt repayment or the occurrence of events that indicate the Bank's lack of legal capacity to recover debt in accordance with the legislation of Ukraine, the debt is written off from off-balance sheet accounts on the basis of a decision of the Bank's Management Board. The return of previously written off amounts is recorded on the account to account for deductions to reserves or on the account to account for the return of previously written off debt in profit or loss for the year.

The Bank determines the following criteria for determining the absence of reasonable expectations regarding the recovery of financial assets:

- overdue repayment of the amount of debt or its part (principal amount of debt and/or accrued income) for a financial asset is more than 36 months;
- over the previous 36 months, the Bank has not received significant payments on the financial asset;
- for a financial asset secured by collateral/collateral, the Bank did not receive significant cash flows from the sale of collateral/foreclosure of collateral or the Bank did not have access/right to repurchase collateral/foreclosure of collateral during the previous 36 months;
- The Bank was unable to sell the financial asset for three consecutive attempts through open (open) auction (auctions) using electronic trading systems or otherwise;
- the Bank has information that the debt on the financial asset in relation to the debtor is written off by another bank;
- the presence of one of the other signs of bad debt, in particular:
- debt, the limitation period for which has expired;
- death of an individual borrower;
- debt, the recovery of which became impossible in connection with the action of force majeure, natural disaster (force majeure), confirmed in the manner prescribed by law;
- liquidation of a legal entity/bankruptcy of business entities/bankruptcy of an individual.

Description of accounting policies for financial instruments

Financial instruments are recognized at fair value through profit or loss, at fair value through other comprehensive income or at amortized cost, depending on their classification.

A portfolio of financial derivatives that are not traded on an active market is measured at fair value based on the price that would be obtained when selling a net long position (i.e. an asset) for taking a specific risk or when transferring a net short position (i.e. an obligation) for taking credit risk when conducting a conventional transaction between market participants at the measurement date.

Valuation models are used to determine the fair value of financial instruments for which market information on the transaction price is not available.

The Bank reflects in accounting the instruments of capital intended for trading at fair value with recognition of revaluation through profit/loss.

The Bank makes a decision without the right of its subsequent cancellation to recognize the revaluation to fair value of non-trading equity instruments in other comprehensive income. Cumulative changes in fair value are not carried forward from other comprehensive income to gains or losses, but can only be attributed to another item of capital at the time of derecognition of equity instruments carried at fair value with recognition of revaluation through other comprehensive income.

The Bank recognizes interest income (interest accrual, amortization of discount/premium) on debt financial instruments at the effective interest rate during the period from the date of their acquisition to the date of termination of recognition (sale, assignment of the right to claim, repayment, write-off at the expense of the reserve), reclassification.

The Bank recognizes interest income on debt financial instruments at fair value through profit/loss and dividend income on equity instruments as part of the revaluation amount to fair value in accordance with accounting policies.

The Bank does not charge interest and amortize the discount or premium if interest income on debt financial instruments at fair value through profit or loss is recognized in the revaluation.

The Bank reflects the accumulated interest on premium/discount accounts when purchasing coupon securities with accumulated interest. The amount of the received coupon reduces the premium amount or increases the discount amount.

Description of accounting policies for financial instruments at fair value through profit or loss

Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability under a transaction that is carried out in the usual manner between market participants, at the measurement date. The best evidence of fair value is the quoted price in the active market. An active market is a market in which transactions with an asset or liability are carried out with sufficient frequency and in sufficient volume, which allows you to obtain information about valuations on an ongoing basis.

A portfolio of financial derivatives that are not traded on an active market is measured at fair value based on the price that would be obtained when selling a net long position (i.e. an asset) for taking a specific risk or when transferring a net short position (i.e. an obligation) for taking credit risk when conducting a conventional transaction between market participants at the valuation date.

Description of accounting policies for financial liabilities

Categories of measurement of financial liabilities

Financial liabilities of the Bank are divided into:
- the funds raised are urgent and on demand;
- financial liabilities at fair value through profit/loss;
- debt securities of own issue;
- other financial liabilities;

Financial liabilities, other than financial guarantees, advances, sureties, loan obligations, are measured at fair value at the time of initial recognition, taking into account all transaction costs/income. Financial liabilities such as financial guarantees, guarantees, sureties, loan obligations are measured at fair value at the time of initial recognition.

Generally, the fair value of a financial liability at initial recognition is the actual transaction price (i.e., the value of the compensation received).

During the initial recognition of a financial liability, the difference between the fair value of the financial liability and the value of the contract is recognized in the Bank's accounting as profit or loss in correspondence with the discount/premium accounts if the effective rate of interest on that liability is higher or lower than the market rate. The difference between the fair value of the financial liability and the value of the agreement on transactions with the Bank's shareholders is reflected in the capital and is included in equal parts in retained earnings (losses) during the period of its retention (on each balance sheet date).

After initial recognition, financial liabilities, in addition to financial guarantees, guarantees, sureties, loan obligations, are estimated and recorded in accounting:
- at amortized cost;
- at fair value with recognition of revaluation through profit/loss.

After initial recognition, financial guarantees, guarantees, guarantees, loan obligations are estimated at the largest of two such values:

- the amount of the estimated provision for expected credit losses;
- the amount of the fair value of the financial liability minus amortization of accumulated income.

The Bank does not reclassify financial liabilities.

Derecognition of a financial liability

A financial liability ceases to be recognized when it is fulfilled, canceled or expires. In the event that an existing financial obligation is replaced by another from the same creditor on significantly different terms, or the terms of an existing obligation are substantially adjusted, such replacement or adjustment is considered to be the termination of the recognition of the original obligation and the recognition of a new obligation, and the difference in the corresponding book value is recognized in the Statement of comprehensive income, profit or loss by nature of expenses.

Description of the accounting policy for the transfer of foreign currency

Monetary assets and liabilities denominated in foreign currencies are transferred to the Ukrainian hryvnia at the official exchange rate of the National Bank of Ukraine, effective on the day of the transaction.

On each subsequent balance sheet date after recognition, all monetary items in foreign currency are reflected in accounting at the official hryvnia exchange rate to foreign currencies on the balance sheet date.

Profits and losses that arise as a result of foreign currency revaluation are included in the article «Result from foreign currency revaluation» of the Statement of comprehensive income, profit or loss by nature of expenses.

Non-monetary items in foreign currency and precious metals, which are recorded at cost, are recorded in accounting at the official hryvnia exchange rate against foreign currencies at the date of recognition (date of transaction).

Non-monetary items in foreign currency, which are recorded at fair value, are recorded in accounting at the official hryvnia exchange rate against foreign currencies at the date of determination of their fair value.

Assets and liabilities in foreign currencies are recognized in the financial statements in UAH equivalent at the official exchange rate as at or on 31 December 2022. Balances on technical accounts of currency position are not included in financial statements.

Description of accounting policies to reduce the usefulness of financial assets

Impairment of financial assets: estimated provision for expected credit losses

The Bank applies a model of expected credit losses, which provides for timely reflection of deterioration or improvement of credit quality of financial instruments, taking into account available information and forecasts for the future. The amount of expected credit losses depends on the degree of deterioration of credit quality from the date of comparison determined for the financial instrument. If a financial asset is carried at amortized cost, the estimated provision for expected credit losses is created by profit and loss and reduces the carrying amount of the financial asset in the statement of financial position. If a financial asset is accounted for at fair value through other comprehensive income, an estimated provision for expected credit losses is also created from gains and losses but relates to equity (through other comprehensive income).

In addition to financial assets, the Bank calculates expected credit losses in relation to financial receivables, loan commitments that are not accounted for at fair value and financial guarantees that are not accounted for at fair value.

When estimating expected losses, the Bank applies a general or simplified approach. The general approach is applied by the Bank for financial instruments and provides that a financial asset or financial liability can be attributed to one of three stages:

Stage I - operating financial assets and financial liabilities under which the terms of the contract are fulfilled, there are no signs of a significant increase in credit risk and/or default indicators;

Stage II - underperforming financial assets and financial liabilities for which there are signs of a significant increase in credit risk;

Stage III - non-operating financial assets and financial liabilities for which there is objective evidence of their impairment (default).

The basic principles for assigning a financial asset and financial liability to impairment stages are as follows:

stage I - operating financial assets and financial liabilities for which the expected credit losses are recognized within the next 12 months. The Bank recognizes the valuation reserve at the first stage of the impairment reduction no later than at the nearest reporting date after the initial recognition of the financial instrument. The nearest reporting date in order to form an estimated reserve for expected credit losses on financial instruments is the last day of the month in which the financial instrument was recognized. As of the next reporting date after initial recognition, the bank assesses the level of increase in expected credit risk for a financial instrument from the date of its initial recognition. The Bank shall continue to recognize the valuation reserve at the first stage of impairment if, at the balance sheet date, the risk level of the financial instrument has not increased significantly from the date of initial recognition or the financial instrument has low credit risk at the balance sheet date;

stage II - underperforming financial assets and financial liabilities, in respect of which the expected credit losses are recognized throughout the term of such an instrument. The Bank recognizes the valuation reserve for a financial instrument at the second stage of reducing utility if there are signs of high credit risk on the asset;

stage III - non-performing financial assets and financial liabilities in respect of which the expected credit losses are recognized throughout the term of such an instrument. The Bank recognizes the valuation reserve for a financial asset at the third stage of credit risk reduction if there are signs of default on the asset.

The Bank applies a simplified approach to receivables to financial liabilities with maturity of no more than three months. Subject to a simplified approach to impairment measurement, the Bank recognizes an estimated provision for expected losses over the life of the asset at each reporting date from recognition. The assets to which the simplified approach is applied are to be checked for signs of loss (default) on the balance sheet date. Verification of signs of a significant increase in credit risk for such assets is not carried out.

The Bank applies a valuation methodology that includes both quantitative and qualitative information to determine the significant increase in credit risk for a particular financial instrument from the date of its initial recognition. This methodology is consistent with the Bank's internal credit risk management process. The criteria for determining a significant increase in credit risk vary depending on the portfolio and include a «limiter» overdue. When estimating the increase in credit risk, the expected credit losses for the entire term of the remaining financial instrument are adjusted to take into account changes in maturity. In some cases, using an expert assessment of the quality of credit and, if appropriate, relevant historical experience, the Bank may determine that there has been a significant increase in credit risk in a position exposed to credit risk, if specific quality indicators indicate, and these indicators cannot be taken into account in full in the framework of quantitative analysis. As a «limiter», subject to the requirements of IFRS 9, the Bank will roughly assume that a significant increase in credit risk occurs no later than when the number of days of overdue debt on the asset exceeds 30 days. The Bank determines the number of days of overdue debt by counting the number of days from the earliest day on which the payment was not received in full. The Bank reviews the effectiveness of the criteria used to detect a significant increase in credit risk through regular reviews to ensure that:

- through the application of criteria, it is possible to detect a significant increase in credit risk before the position subject to credit risk becomes default;
- the criteria do not coincide with the time when the payment for the asset is overdue for more than 30 days;
- the average time between detecting a significant increase in credit risk and default is reasonable;
- risky transactions do not go directly from the assessment of expected credit losses for 12 months to the composition of credit-impaired;
- there is no unjustified volatility of the estimated provision for losses in the transition from the expected credit losses for 12 months to the expected credit losses for the entire term of the credit instrument.

The estimate of expected credit losses reflects: an unbiased and parabolized amount determined by estimating the range of possible outcomes, the time value of money and all reasonable and corroborated information about past events, current conditions and projected future economic conditions that are available at the reporting date. costs and efforts.

Debt instruments measured at amortized cost are presented by the Bank in the statement of financial position less expected loan losses. In relation to credit obligations, including guarantees provided by the Bank, in the statement of financial position the Bank recognizes a separate provision for expected credit losses as part of liabilities.

The Bank determines the following factors of default (signs of impairment) of the debtor for the purposes of formation of reserves (Stage 3):

For corporate loan portfolios (legal entities and interbank loans (IBC)):

Soft-factors of default:

- Significant financial difficulties of the issuer or borrower (the company does not generate sufficient operating flows (the proceeds do not cover the existing credit obligations according to the latest financial statements or the actual debt to the Bank));
- Significant violation of the terms of the contract (except for overdue debt);
- Provision of preferential / non-market of lending, which is related to financial difficulties of the borrower;
- Availability of the information on the possibility of bankruptcy or similar financial reorganization of the borrower;
- Buying / selling of an asset with a significant discount (more than 30%).

Hard-factors of default (resulting PD = 100%, i.e., without taking into account flaws from repayment of the loan):

- Overdue of a debt for 91 days and more (for MBC 7+);
- The availability of Soft-factors of default on the background of overdue debt of 31+ (for MBC 3+);
- Other factors which according to the Bank`s judgment in the particular case are significant.

POCI (Loan depreciation):

- Modification of a financial asset that results in termination of a financial instrument in the presence of the above depreciation signs.

For a loan portfolio of individuals (resulting PD = 100%, i.e., without taking into account the flows from repayment of the loan):

- Overdue of a debt for 91 days and more;
- Death of the debtor-individual.

For financial guarantees and letters of credit - does not apply (all financial liabilities under guarantees and letters of credit are recognized in Stage 1).

For balances on correspondent accounts:

- The availability of the information on the bankruptcy, non-payment and withdrawal from the market or similar financial reorganization of the borrower;

For accounts receivable

- Overdue of a debt for 91 days and more.

Factors indicating signs of high credit risk of the debtor (SICR) (Stage 2)

For loan portfolios (legal entities, individuals, interbank)

- Overdue 31-90 days with the absence of signs of impairment (soft, hard or POCI) (overdue 3 – 7 for IBL).

For accounts receivable (simplified approach):

- Overdue 31-90 days.

For balances on correspondent accounts, financial guarantees and letters of credit;

Not applicable.

In order to calculate the amount of credit risk on an asset, the Bank determines the value of the PD default probability component according to certain methods for assessing the financial condition of debtors based on the range for the relevant class of debtor / counterparty based on the Bank's documented historical experience.

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

• qualitative: for example, violation of the restrictive conditions of the agreement (covenants);

• quantitative: for example, the status of overdue debt and non-payment of another obligation of the same issuer of the Bank, as well as

• on the basis of data independently developed within the Bank and obtained from external sources.

As the Bank has limited historical data on the main types of assets, comparative information from external sources is used as additional information to determine the variable estimates of expected credit losses. Sources of such information may be studies by leading rating agencies (Standard & Poor's, Moody's, Fitch Ratings) on the likelihood of counterparty default.

The Bank documents its own experience in calculating the historical PD index with the relevant protocol of the Credit Committee and updates the information on an annual basis.

In order to form a provision for financial instruments, the Bank assesses the risks of financial instruments from the date of their recognition to the date of termination of such recognition.

Assessment of financial condition and the procedure for determining the indicator of the class of the debtor / counterparty, the probability of default (PD) is regulated by internal methods.

Impaired financial assets (POCI) - created or modified can be classified by the Bank only in Stage 3 (until the end of the term of such an asset). The effective interest rate on such assets is calculated based on expected cash flows, taking into account expected credit losses over the life of the asset - i.e., the estimated amount of contractual cash flows is reduced by the amount of credit losses expected throughout the life of the instrument.

Interest income on impaired financial assets is calculated by multiplying the effective interest rate (EPS, adjusted for credit risk if the asset was impaired on initial recognition) by the amortized cost of the asset. Expected credit losses on POSI assets are estimated at an amount equal to the credit losses expected over the life of the financial asset.

At each reporting date, the Bank recognizes the results of changes in expected credit losses throughout the life of the financial asset impaired at initial recognition (including positive changes) in profit / loss as expenses / income on the formation / dissolution of estimated reserves. Income from the dissolution of appraisal reserves is recognized even in the event of exceeding the amount of the previously formed reserve for such financial asset.

As at each reporting date, the Bank assesses whether there is a material increase in credit risk on the financial instrument since its initial recognition. In conducting the assessment, the Bank focuses on changes in the risk of default during the expected life of the financial instrument, rather than on changes in the amount of expected credit losses. To make such an assessment, the Bank compares the risk of default on a financial instrument as at the reporting date with the risk of default on the financial instrument at the date of initial recognition and analyzes reasonable and validated information available without undue effort or expense that indicates a significant increase in credit risk since initial recognition of the relevant instrument.

For the purposes of collective assessment of impairment, financial assets are grouped together on the basis of similar credit risk characteristics. These characteristics are taken into account in determining the expected future cash flows for a group of such assets and are indicators of the ability of the borrower (debtor) to pay the amount owed in accordance with the terms of the contract on the assets being valued.

Future cash flows in a group of financial assets that are collectively measured for impairment are calculated based on the contractual cash flows from the assets and the Bank's prior experience with the extent to which those amounts will become past due as a result of past loss events and the extent to which such amounts are past due can be reimbursed. Previous experience is adjusted for existing data that reflect the effect of current conditions that did not affect the period on which the previous loss experience is based, and the effect of those conditions in the previous period that do not currently exist is removed.

Impairment losses are recognized by creating a provision in the amount necessary to reduce the carrying amount of the asset to its present value of expected cash flows (excluding future credit losses not incurred), discounted at the original effective interest rate for the asset.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less the cost of obtaining and selling the collateral, regardless of the probability of foreclosure.

If the borrower has at least one individually significant financial asset, all other financial assets of such borrower are also recognized as individually significant. The financial assets of one debtor, which are not individually significant, are recognized as individually insignificant.

If the amount of expected credit risk decreases in the next period, the previously recognized credit impairment is reduced by adjusting the reserve account. The amount of the decrease is reflected by reducing the cost of forming estimated reserves for the reporting year.

Description of the accounting policy for impairment of non-financial assets

The Bank recognizes impairment of non-current assets at each balance sheet date if there is evidence of a possible loss of economic benefit. The usefulness of non-current assets decreases if their book value exceeds the estimated amount of expected compensation (fair value).

When assessing the presence of signs that the usefulness of fixed assets may decrease, the Bank takes into account the following criteria:

- the value of fixed assets has decreased significantly more than expected due to the passage of time (moral wear and tear), or more intensive use, or physical damage;
- during the period of operation, there were changes in the use of the facility, associated with the negative impact of both external (technological, market, economic, legal) and internal (cessation of operation, restructuring, liquidation of the asset before the previously expected date) factors.

During the reporting year of 2022, the Bank recognized a decrease in the utility of fixed assets of the Kherson regional branch due to the presence of evidence of the loss of economic benefits from their use. Constant shelling and the inability of the Bank to organize safe storage of assets or their movement, i.e., loss of control over assets, are evidence of loss of economic benefit, namely significant changes in the use of the facility, which are associated with negative external and internal influences (cessation of Kherson regional department from 15.03.2022) factors. The bank recognized the impairment of fixed assets of the Kherson regional branch in the amount of 616 thousand UAH.

Description of income tax accounting policy

Taxation of the Bank's profit during the reporting year was carried out in accordance with the requirements of the Tax Code of Ukraine. The income tax rate in 2022 is set at 18%.

Income tax expense in the financial statements consists of current tax and changes in deferred tax amounts.

Income tax expenses are reflected in profit or loss, with the exception of those amounts directly attributable to equity.

Description of the accounting policy for intangible assets and goodwill

Goodwill (the value of business reputation) is an intangible asset, the value of which is determined as the difference between the market price and the book value of the company's assets as a complete property complex, which arises as a result of the use of better management qualities, a dominant position in the market for goods, services, new technologies, etc. The value of goodwill is not subject to amortization and is not taken into account when determining the expenses of the taxpayer whose assets such goodwill arose.

During the reporting year 2022, the Bank did not recognize goodwill.

Description of the accounting policy for investments in associated enterprises

There are no investments in associated and subsidiary companies due to the absence of associated and subsidiary companies in the Bank.

Description of the accounting policy for investment real estate

Investment real estate - real estate (land or building, or part of a building, or a combination thereof) held (by an owner or lessee as a right-of-use asset) for the purpose of receiving rental payments or capital appreciation or both, and not for: a) use in production or supply of goods or services or for administrative purposes; or b) sales in the ordinary course of business.

The Bank has established the following criteria for recognizing investment real estate:

- the real estate object was purchased by the Bank for the purpose of its further transfer to financial or operational leasing;
- according to the leasing contract, at least 90% of part of the object is leased, and the leased object is transferred to the lessee for a period of more than one year.

At the time of initial recognition, investment property is valued and reflected in the accounting records at the initial cost, which includes the purchase price of this property and all costs directly related to its acquisition. After the initial recognition of the object of investment real estate, the Bank carries out its further evaluation at fair value with the recognition of changes in fair value in profit or loss; depreciation and impairment are not recognized. In order to determine the fair value of investment real estate, it is mandatory for the Bank to engage an appraiser who has the appropriate license in accordance with the requirements of the Law of Ukraine «On Appraisal of Property, Property Rights and Professional Appraisal Activities in Ukraine». The Bank reviews the fair value annually, before drawing up the financial statements.

The property appraisal carried out by the subject of appraisal activity is drawn up by a Property Appraisal Report (property appraisal act), which contains conclusions about the value of the property and confirms the performed procedures for property appraisal carried out by the subject of appraisal activity.

The appraiser determines the fair value of the appraised objects based on their market value. If the difference between the book value of investment real estate and its fair value determined by the subject of appraisal activity is not significant (10%), the value of investment real estate is not adjusted.

Description of the accounting policy regarding statutory capital

Authorized capital is the obligations paid by shareholders to contribute funds by subscribing for shares to the statutory capital, the amount of which is registered in accordance with the procedure established by the legislation of Ukraine. An increase (decrease) in the statutory capital of the Bank is carried out in accordance with the procedure established by the National Securities and Stock Market Commission. In accordance with the Laws of Ukraine «On Banks and Banking Activity» and «On Joint Stock Companies» and the Bank's Charter, the decision to issue shares is made by a decision of the General Meeting of Shareholders. As of December 31, 2022, the Bank did not issue or place preferred shares.

Issuance income (issuance differences) and other income from transactions with shareholders. This income arises as the difference between the nominal value of the shares and the price of their placement, as well as the forgiveness of debt by shareholders, the provision of irrevocable financial assistance and gains (losses) during the initial recognition of financial instruments at a non-market rate or not at fair value. During the reporting year, the Bank did not carry out transactions with shareholders that would have an impact on the Bank's capital.

Contributions to the authorized capital are recorded at their fair value on the transaction date.

As of December 31, 2022, the registered and fully paid-up statutory capital consisted of 500 000 ordinary registered shares with a nominal value of each 1 000 UAH. All ordinary shares give the same voting rights according to the principle «one share - one vote».

Description of lease accounting policy

Operational leasing (rent), under which the bank is the lessor.

Operational leasing is an economic operation of the Bank, which provides for the transfer of an asset to the lessee for temporary use for a period not exceeding the period of its full depreciation, with the mandatory return of such an asset after the expiration of the lease agreement. The asset transferred to operational leasing remains part of the Bank's non-current assets. The transfer of the asset is carried out on the basis of an act of acceptance of the transfer.

Non-current assets transferred to operational leasing can be kept by the lessor as part of fixed assets, investment real estate.

During the term of leasing (rent), the lessor calculates depreciation on the assets transferred to operational leasing (rent) on a general basis.

Taking into account the accrual principle, the Bank calculates monthly leasing payments, which are specified in the leasing agreement, regardless of the terms of payment of such payments. Charges are made on the first working day of the month.

In the event that the lessee transfers the advance payment for a period exceeding the reporting month, the amount of leasing payments is accounted for as part of income for future periods. During the following reporting periods, it is gradually transferred to the Bank's income.

The costs of maintenance and operation of the leased asset can be borne by both the Bank and the lessee, depending on the terms of the contract. If the Bank bears the costs of maintenance and operation of the leased asset, then the accounting of such costs is carried out in the usual manner, which is determined by the Bank's internal documents.

The return of the asset by the lessee is carried out within the terms and conditions specified in the leasing agreement, and is based on the act of acceptance and transfer.

Financial leasing (rent), under which the bank is the lessor

Financial leasing is a type of legal relationship under which the lessor undertakes, in accordance with the financial leasing contract, for the period and for the fee specified by such contract, to transfer to the lessee the possession and use as an object of financial leasing of the property owned by the lessor by right of ownership and acquired by him without prior agreement with the lessee, or property specially purchased by the lessor from the seller (supplier) in accordance with the specifications and conditions established by the lessee, and which also provide for compliance with at least one of the features (conditions) of financial leasing:

- the leased object is transferred for a period during which at least 75 percent of its original value is depreciated, and the lessee is obliged, on the basis of a financial leasing agreement or another agreement defined by the financial leasing agreement, to purchase the object during the term of the financial leasing agreement financial leasing with the subsequent transfer of ownership from the lessor to the lessee at the price and on the terms stipulated by such a financial leasing agreement or another agreement defined by the financial leasing agreement;
- the amount of leasing payments at the time of concluding the financial leasing contract is equal to or exceeds the original value of the financial leasing object;
- the balance (residual) value of the object of financial leasing at the time of the expiration of the term of the financial leasing agreement provided for in such an agreement is no more than 25 percent of the initial value (price) of such object of financial leasing as of the beginning of the term of validity of the financial leasing agreement;
- the object of financial leasing, manufactured to the order of the lessee, after the expiration of the financial leasing contract cannot be used by other persons, except the lessee, taking into account its technological and quality characteristics.

At the beginning of the lease term, the lessor recognizes the assets provided for financial leasing as a loan [financial leasing (lease)] in the amount of the net investment in the lease, and ceases recognition of the object of financial leasing (lease).

The lessor calculates the net investment in the lease as the present value of the lease payments and the present value of the non-guaranteed salvage value of the asset, discounted using the allowable interest rate provided for in the contract.

The lessor should include the initial direct costs in the initial assessment of the net investment. The allowable interest rate in the lease should be determined so that the initial direct costs are automatically included in the net investment in the lease and are not added separately.

Lease payments due under the financial leasing agreement are made in the order established by the financial leasing agreement.

Leasing payments include:

- the amount that compensates part of the cost of the object of financial leasing;
- remuneration to the lessor for the object of financial leasing received under financial leasing;
- other components, in particular payments and/or expenses directly related to the execution of the financial leasing contract and stipulated by such contract.

During the period of validity of the financial leasing agreement, the amount of leasing payments may be changed in the cases and according to the procedure stipulated by the financial leasing agreement.

In order for the lessor to fulfill its obligations under the financial leasing agreement regarding the payment of goods, performance of works, etc., the lessor has the right to receive from the lessee an advance payment payable in accordance with the terms of the financial leasing agreement. The advance payment is not the lessor's borrowed funds, but is a component of leasing payments under the financial leasing contract, which compensates part of the cost of the financial leasing object.

The lessor recognizes finance income during the term of the finance lease based on a model that reflects a constant periodic rate of return on the lessor's net investment in the finance lease object.

The lessor applies the requirements of IFRS 9 «Financial Instruments» to the net investment in the object of financial leasing.

Leasing (rent), under which the bank is the lessee

The Bank evaluates the leasing (rent) agreement (further - the lease agreement) as a whole or individual components as a lease agreement, if the following criteria are met:

- the asset is identifiable;
- the lessee (hereinafter - the lessee) is given the right to receive practically all economic benefits from the use of the identified asset during the entire period of use of the asset;
- the lessee is given the right to determine the method of use of the asset during the entire period of use in exchange for compensation;
- the lessor does not have a substantial right to replace the asset during the term of its use. The bank defines the lease term as a non-failure lease period together with:
- the periods for which the right to extend the lease is extended, if the tenant is reasonably sure that he will take advantage of such an opportunity;
- the periods for which the right to terminate the lease applies, if the lessee is reasonably sure that he will not use this option.

The bank revises the lease term if the non-failure lease period has changed.

The Bank has the right not to recognize the contract as a lease and not to record the asset for the right of use and the lease liability in the case of:

- short-term lease - the term of the lease agreement (from the date of conclusion to the maturity date) is less than or equal to 1 year;
- leases, for which the value of the leased object is less than or equal to 5 000,00 USD equivalent at the NBU exchange rate on the date of recognition of the asset;
- the area of the rental object is less than 10 sq.m.

The Bank recognizes lease payments as expenses on a straight-line basis over the term of the lease or on another systematic basis if it applies an exemption from lease recognition.

On the lease commencement date, the Bank recognizes the right-of-use asset and leasing (rent) liability (further - lease liability).

The bank evaluates the asset in the form of the right of use at the initial cost, which includes the following:

- the amount of the initial assessment of the lease obligation;
- lease payments in favor of the lessor on or before the date of commencement of the lease less incentive payments from the lease received from the lessor;
- any initial direct costs incurred by the Bank;
- expenses that will be incurred by the Bank when dismantling and moving the basic asset, restoring the site on which it is located, or bringing the basic asset to the condition required by the terms and conditions of the lease. The bank must recognize the costs of dismantling, moving and restoring the underlying asset as part of the original cost of the asset in the form of right-of-use at the time when it incurs an obligation for such costs. Such costs may be incurred at the lease commencement date or over a period of time as a result of the use of the underlying asset.

On the lease commencement date, the Bank recognizes a lease liability at the present value of the lease payments to be made during the lease term. The bank discounts payments for the right to use the underlying asset during the lease term (lease payments), applying the interest rate provided for in the lease agreement. If such a rate is not stipulated in

the contract, the Bank determines the rate of the tenant's additional borrowing as the rate on the domestic government borrowing (OVDP) as of the date of recognition of the lease obligation, taking into account the term of such lease.

Lease payments on the lease start date include:

- fixed payments (including substantively fixed payments) less any lease incentives to be received;
- variable lease payments that depend on an index or rate, which are initially estimated using such an index or rate on the lease commencement date;
- sums to be paid by the lessee under liquidation value guarantees;
- the price of the exercise of the option to purchase the asset, if the lessee is reasonably sure that he will take advantage of this option;
- payments as fines for the termination of the lease, if the term of the lease reflects the realization by the lessee of the possibility of termination of the lease.

Incentive lease payments, paid or payable to the Bank, are deducted from the amount of lease payments and reduce the original valuation of the asset in the form of the right of use. Incentive lease payments payable to the Bank on the lease commencement date reduce the Bank's lease liability.

Variable lease payments that depend on an index or rate are included in the total lease payments and are valued using the index or rate adopted at the valuation date (e.g., the lease commencement date at the initial valuation). Subsequently, the Bank re-evaluates lease obligations in case of changes in cash flows (in case of adjustment of lease payments) taking into account changes in future payments as a result of changes in the index or rate used to determine lease payments.

If there is reasonable assurance that the Bank will not terminate the lease, the term of the lease is determined on the basis that the option to terminate the lease will not be exercised and any termination penalties are excluded from the lease payments. Otherwise, the penalty for termination of the lease is included in the lease payments.

During the reporting year, by signing additional agreements to change the rent, the Bank received a reduction in the amount of rent under lease agreements for the duration of martial law (partly for the duration of martial law + 30 days after its termination). The bank recognized the amount of the revaluation of the lease liability as an adjustment of the corresponding asset in the form of the right of use without reflecting these changes in profit or loss.

Description of the accounting policy for loans and receivables

The Bank evaluates loans after initial recognition at amortized cost using the effective interest rate minus the amount of the formed reserve to compensate for possible losses on credit transactions.

The Bank reflects in the accounting records at the time of initial recognition a profit or loss in the amount of the difference between the fair value of the financial asset or financial liability and the value of the contract in correspondence with discount (premium) accounts, if the effective interest rate for this instrument is higher or lower than market The difference between the fair value of a financial asset or financial liability and the value of the contract for transactions with the Bank's shareholders is reflected in the capital of the capital accounts and is included in parts in retained earnings (loss) during the period of its retention or the total amount at the time of disposal of the financial instrument.

The Bank recognizes interest income on financial assets at the gross carrying amount of such asset in Stages 1 and 2 using the effective interest rate applied to discount the estimated expected cash flows when determining the financial asset's impairment. For Stage 3 loans, the Bank additionally recognizes interest income depreciation on a monthly basis, which is calculated using the method of the effective interest rate on the amortized cost of the financial asset.

In order to maintain the solvency of borrowers who have fallen into a difficult situation as a result of unforeseen circumstances, the corresponding reduction of credit risk and ensuring the stability of its activities, the Bank carries out the restructuring of credit operations.

Restructuring – changing the essential conditions under the previous contract by concluding an additional agreement with the debtor in connection with the debtor's financial difficulties (as determined by the Bank) and the need to create favorable conditions for him to fulfill his obligations under the asset (change in interest rate; cancellation (in full or in part)) financial sanctions accrued and unpaid by the debtor (fines, penalties, penalties) for late payment of the debtor's debt, change in the debt repayment schedule, change in the amount of the commission, etc.).

Separately, when making a decision to restructure credit operations of persons connected with the Bank, the requirements of subsection 1 of paragraph 4 of the Resolution of the NBU No.23 dated 25.02.2022 are taken into account, namely the prohibition of conducting active transactions with persons related to the bank in terms of concluding new credit agreements and agreements on the provision of financial obligations by the bank, concluding agreements on amendments to credit agreements regarding:

- increase in amounts of loans and financial obligations;
- extension of terms of use of loans (except for contracts providing for standard conditions available to the general public of borrowers);

When restructuring loans, the Bank mainly applies the approved program «Restructuring of credit debt of business entities», which provides standard conditions for a wide range of borrowers and applies to all borrowers (including persons related to the Bank) who apply to the bank and meet the terms of the program

The Bank constantly analyzes restructured loans in order to control the quality of loan restructuring and the possibility of making future payments. Such loans continue to be assessed for impairment.

Initially impaired financial assets can be purchased assets, as well as internally created - for example, new ones provided to a client in default, and restructured (significantly modified). Financial assets that are initially impaired are initially recognized at fair value. If the instrument is purchased outside of market conditions, additional gains/losses are recognized separately. For initially impaired financial assets, initially expected credit losses are included in the effective rate, and the increase (decrease) in expected credit losses after initial recognition is recognized through the provision for impairment. The Bank does not recognize a valuation allowance for acquired or created impaired financial assets at the date of initial recognition. Initial expected credit losses on such a financial asset are included in the effective interest rate adjusted for credit risk. Upon derecognition of purchased loans, the amount of compensation received in excess of the book value is recognized by the Bank as income from the derecognition of a financial asset in the Statement of comprehensive income, profit or loss by nature of expenses.

The Bank recognizes interest income and expenses in the accounts of interest income and expenses using the effective interest rate method. To recognize interest income, the Bank applies the nominal interest rate on financial instruments for which it is impossible to determine future cash flows (overdraft loans, revolving credit lines, deposits/deposits on demand), and to which the effective interest rate is not applied.

The Bank reflects the accrued interest on financial instruments at the interest rate stipulated in the terms of the contract (issuance), on the accounts for the accounting of accrued interest income with recognition in the Statement of total income, profit or loss according to the nature of expenses.

To calculate the effective interest rate, the bank determines the cash flows taking into account all the conditions of the financial instrument, including all commissions and other amounts that are an integral part of the income (expenses) of the financial instrument. The Bank uses the cash flows stipulated by the relevant contract during the term of the contract, if it is impossible to reliably estimate the cash flows or the expected term of the financial instrument.

The bank reflects commissions, which are an integral part of the income (expenses) of the financial instrument, on the accounts of the discount (premium) for this financial instrument.

Commissions, which are an integral part of the effective interest rate for a financial instrument, include:

- commissions for preparatory work received by the Bank in connection with the creation or purchase of a financial instrument, which include: commissions for assessing the borrower's financial condition; commissions for evaluation of guarantees, pledges; commissions for discussing the terms of the instrument; fees for preparation, processing of documents and implementation of the transaction;
- commissions received (paid) by the Bank for lending obligations (reserving a credit line) at the time of credit initiation (except when these lending obligations are valued at fair value with revaluation due to income/losses) are recognized as unrealized a substantial part of the income (expenditure) of the financial instrument, if there is a possibility that the credit agreement will be concluded. Commissions are recognized as commission income (expenses) at the end of the term of the obligation, if the term of the given crediting obligation expires without the provision of a loan;
- other commissions, which are an integral part of the income (expenses) of the financial instrument.

Commissions, which are not an integral part of the effective interest rate of the financial instrument, include:

- commissions for accompanying loans;
- commissions for credit obligations (except when these credit obligations are valued at fair value with revaluation due to income/losses), if the conclusion of a credit agreement is unlikely;
- loan syndication commissions received by the Bank, which acts as the organizer of the syndicated loan and is not one of the creditors (or is one of the creditors, but receives the same effective rate for its part of the syndicated loan as other participants, provided that it bears the same risks as other participants).

The Bank amortizes all commissions and other amounts paid or received, transaction costs and other premiums and discounts included in the effective interest rate over the expected life of the financial instrument or, if commissions and other amounts paid or received, transaction costs, premiums or discounts belong to a shorter period, then this period applies.

The bank takes into account initially expected credit losses in cash flows when calculating the credit risk-adjusted effective interest rate for acquired or created impaired financial assets at initial recognition.

The effective interest rate changes for financial instruments with a floating interest rate in the event of periodic reassessment of cash flows to reflect market interest rates.

The Bank adjusts the gross book value of a financial asset or the amortized cost of a financial liability to reflect the actual and revised previously estimated cash flows, if in the future it revises the preliminary estimates of the amounts

of payments and receipts (except for modification and changes in estimates of expected credit losses) for financial instruments.

The bank recalculates the gross book value of a financial asset or the amortized cost of a financial liability by calculating the present value of future cash flows provided for in the contract, discounted at the original effective interest rate for the financial instrument (in the case of purchased or created credit-impaired financial assets - using the effective interest rate adjusted for credit risk). The adjustment is recognized as part of interest income/expense in correspondence with discount/premium accounts.

The Bank recognizes interest income on financial assets at the first and second stage of credit risk (recognized valuation reserve at the first and second stage of impairment) on the gross book value of such assets using the initial effective interest rate.

The Bank recognizes interest income on financial assets at the third stage of impairment (recognized valuation reserve at the 3rd stage of impairment) at the amortized cost (reduced by the amount of the reserve) of such assets using the effective interest rate.

Description of the accounting policy for inventory valuation

Inventories are recognized as assets if there is a possibility that the Bank will receive economic benefits related to their use in the future, and their value can be reliably determined.

Inventory includes assets that:

- held for sale in the ordinary course of the Bank's activities;
- are in the process of production for such sale;
- exist in the form of basic or auxiliary materials for use in the production process or in the provision of services by the Bank.

Stocks in the Bank include values that are necessary for maintaining the continuous production process of the Bank, for the material support of technological processes and customer service, as well as for the repair, maintenance, maintenance and processing of the Bank's premises, production machinery, equipment and other fixed assets. In addition, inventory includes property that has become the property of the Bank as a pledge holder for the purpose of its further sale. Such property on the foreclosure date is recognized as inventory, provided that it does not meet the criteria for recognition as a non-current asset held for sale and cannot be recognized as a non-current asset for use in current activities or investment property.

Inventories are valued by the Bank at cost, which includes all costs of acquisition, processing costs and other costs incurred during the delivery of inventories and bringing them to a condition suitable for use, except for property transferred to the Bank as a pledge holder, which is valued at the lower from the following two values: cost price or net realizable value. Inventory acquisition costs consist of the purchase price, taking into account trade, advertising or other similar discounts, import duties and other taxes (except those subsequently reimbursed), as well as transportation, loading/unloading and other costs directly related to related to the acquisition of stocks.

Inventories of values that are valued at cost are not revalued. Inventories that are valued at net realizable value are depreciated to net realizable value and revalued within the limits of the previously realized depreciation. As a rule, the Bank uses an assessment by an independent appraiser to determine the size of the net realizable value. In such a case, the Bank applies a materiality threshold of 10% in order to carry out depreciation or revaluation of the property to the net realizable value.

The FIFO formula is used to determine the value of a unit of homogeneous stocks (except for property that has become the property of the Bank as a pledgee) of tangible assets purchased at different prices, issued from the warehouse or from the report into operation, or for the realization and evaluation of their final stocks, which provides that the stocks, which were the first to be reported, are the first to be put into operation.

The cost of stocks used in the process of production activity is recognized as expenses of the period in which such use occurs. The cost of inventory sold is recognized as an expense in the period in which income from such sale is recognized. The amount of any partial write-down of inventory to its net realizable value and all inventory losses are expensed in the period in which the write-off or loss occurs. Some inventory can be allocated to other asset accounts (for example, inventory used as a component of internally generated fixed assets). Inventories allocated in this way to another asset are recognized as expenses during the useful life of this asset through amortization.

A description of the accounting policy for non-current assets and disposal groups classified as held for sale

The Bank classifies non-current assets as held for sale if the carrying amount of such assets will be recovered through a sale transaction rather than current use.

Non-current assets are classified by the Bank as held for sale if, on the date of the decision to recognize them as assets held for sale, the following conditions are met: the condition of the assets in which they are located makes it possible to carry out an immediate sale and there is a high degree of probability of their sale within the year from the date of classification.

Pledged property (non-current assets) to which the Bank acquires ownership for the purpose of sale is valued and reflected in accounting at the lower of two estimates: book value or fair value less costs of sale.

The fair value is determined on the basis of an independent appraiser's report, the balance sheet value is determined on the basis of the mortgagor's accounting data.

Depreciation is not charged on such assets.

In the event of events or changes in circumstances indicating a possible impairment of non-current assets or a group of disposals, the Bank reflects the impairment loss upon initial and subsequent write-off of their value to fair value less costs of sale. The Bank recognizes a gain on any subsequent increase in the fair value of the assets less costs to sell, but this gain must not exceed the cumulative impairment loss recognized in accordance with the requirements of IFRS.

During the reporting year of 2022, the Bank's balance sheet accounted for the property that became the property of the Bank as a pledge holder in the amount of UAH 7,791 thousand. In accounting, such assets are recorded at the balance sheet date at the lower of two values: cost or net realizable value. In the event of the occurrence of events or changes in circumstances that indicate a possible decrease in the value of the property, the Bank reflects the loss from the decrease in value at the initial, as well as the subsequent write-off of their value to the net realizable value. The Bank recognizes a profit on any subsequent increase in net realizable value, but this profit must not exceed the cumulative impairment loss recognized in accordance with the requirements of IFRS.

The assessment of the fair market value of the property as of 01.01.2023 was carried out by an independent subject of assessment activity. The revaluation is not reflected in the accounting due to the fact that the difference between the fair value of the property according to the report of an independent subject of evaluation activities and its book value is within 10%.

Description of the accounting policy regarding the offsetting of mutual claims of financial instruments

Netting of financial assets and liabilities with subsequent inclusion in the Statement of Financial Position in the order of liquidity of only their net amount can be carried out only in the case of the existence of a legally defined right to net off the recognized amounts, if there is an intention to calculate on the basis of the net amount or simultaneously realize the asset and settle by obligation.

Description of the accounting policy for fixed assets

Fixed assets include tangible assets that the Bank holds for use in the course of its activities, the expected period of useful use (exploitation) of which from the date of commissioning is more than one year and the cost of which (including VAT) per unit or set exceeds 20 000 UAH.

Non-negotiable tangible assets worth up to 20 000 UAH and with a useful life exceeding one year are recognized as low-value non-current tangible assets.

Purchased fixed assets are valued at original cost. The purchase price includes the purchase price, state duty, customs duty, delivery and unloading costs, installation costs and other costs directly related to this transaction.

Administrative and other general expenses (in particular, expenses for the protection of objects of non-current assets that are in the stage of incomplete improvement (reconstruction, retrofitting, modernization, etc.), construction; utility expenses, etc.) are not included in the original cost of the fixed asset, but are related to expenses reporting period.

The initial cost of non-current assets increases by the amount of costs associated with the improvement of the object (modernization, modification, completion, retrofitting, reconstruction, etc.), as a result of which the future economic benefits originally expected from the use of this object increase.

Expenses incurred to maintain fixed assets and intangible assets in working condition and to receive the originally determined amount of future economic benefits from their use do not affect the residual value of the object and are included in the expenses of the reporting period.

Further accounting of fixed assets is carried out at original cost (cost value) less accumulated depreciation and accumulated impairment losses.

Expenses for current repairs and maintenance of assets are expensed as they are incurred and do not affect the book value of non-current assets.

Based on the results of the annual mandatory inventory, the Central Inventory Commission analyzes fixed assets for internal and external signs of impairment and provides proposals for reflecting losses from the impairment of assets. In accordance with the decision of the Central Inventory Commission, based on the results of the annual inventory, the Bank recognized 100% impairment of fixed assets of the Kherson regional branch of the Bank.

Description of the accounting policy for repurchase agreements and repurchase agreements

Contracts for the sale and repurchase of securities («repo» contracts) are shown as secured financing transactions. Securities sold under repo contracts are shown in the statement of financial position and, at the same time, as pledged under repo contracts, if the counterparty has the right to sell or re-pledge these securities. Corresponding obligations are included in debt to credit institutions or customers.

The purchase of securities under reverse repurchase agreements (reverse repo) is reflected in debt to credit institutions or loans to customers, depending on the terms of the agreement. The difference between the sale price and the repurchase price is recognized as interest and is accrued during the term of the repo contracts using the effective interest rate method.

Securities transferred under the terms of a loan to counterparties continue to be reflected in the Statement of Financial Position in the order of liquidity. Securities borrowed under the terms of the loan are not recognized in the statement of financial position unless they are sold to third parties, when the purchase and sale are shown in the Statement of comprehensive income, profit or loss by nature of expenses as a result of transactions with trading securities. The obligation to return them is reflected in accounting at fair value as part of liabilities for trade transactions.

During the reporting year of 2022, the Bank conducted reverse repo operations with banks and business entities.

Description of the accounting policy for segment reporting

According to the requirements of IFRS 8 «Operating Segments», information should be disclosed both in relation to business segments and in relation to geographical segments. At the same time, one of these formats is considered primary, and the other is secondary.

The bank has determined the primary disclosure of information by business segments. Reporting by geographic segments is not disclosed at all, because the Bank does not operate outside of Ukraine.

The formation of operational segments is carried out on the basis of selected areas of operational activity:

- services to corporate clients: the business segment provides services for servicing current accounts, deposits, providing credit financing in various forms, services for buying and selling foreign currency, etc.;
- services for clients of small and medium-sized businesses (SMB): the business segment provides services similar to services for corporate clients;
- services to individuals: the business segment provides banking services to individual clients, including opening and maintaining current accounts, deposits, valuables storage services, lending, etc.;
- interbank business: a business segment that organizes Bank financing and risk management by raising funds on financial markets, investing in liquid assets.

An operational banking segment is recognized as reportable if most of its income is generated from services to external clients, and at the same time its activity indicators meet one of the following criteria:

- the income of this segment is at least 10% of the total income;
- the financial result of this segment is at least 10% of the total financial result;
- the book value of assets of this segment is at least 10% of the total value of assets of all operating segments.

Transactions between segments are performed on normal market terms. Resources are redistributed between segments, causing transfer costs or segment revenues. There are no other significant redistributions between segments. The segment's assets and liabilities make up most of the currency of the balance sheet and do not exclude tax consequences. Capital is not fixed by segments, except for the result of the current year and other aggregate income.

There were no changes in the accounting policy regarding the recognition and distribution of segments in the reporting year.

Description of the accounting policy regarding trade and other payables

The amount of the Bank's obligations on a certain date for the provision of assets, services, funds, etc. is reflected in the Bank's accounting as accounts payable.

Accounts are used to account for accounts payable, depending on which funds are used for the transaction that causes the existence of such debt. Debt for the Bank's business activities is accounted for by types of transactions and counterparties. Accounts payable accounts in the Bank are used in accordance with their purpose.

As of the date of recognition, accounts payable are assessed and reflected in the Bank's balance sheet at original cost (actual cost). At each subsequent balance sheet date after recognition, accounts payable is shown at actual cost. The Bank fulfills its obligations (that is, the termination of the recognition of payables) is carried out within the terms stipulated in the contracts, or upon the occurrence of certain events, according to the terms of the contracts or accounting models.

Accounts payable in foreign currency, which belong to non-monetary items (which will be repaid in the national currency regardless of the currency of the debt) are recorded in the national currency at the official rate of the National Bank of Ukraine on the date of its occurrence. Such debt, in particular, includes debt from the sale of non-current assets, inventories.

Accounts payable for the purchase of non-current assets and inventories in foreign currency is a monetary (monetary) balance sheet item, i.e., payable in foreign currency and is therefore revalued at each change in the official exchange rate.

Description of the accounting policy for trade and other receivables

The amount of the Bank's claims to debtor customers on a certain date for the receipt of assets, funds, services, etc. is reflected in the Bank's accounting as accounts receivable.

Accounts receivable is recognized as an asset if there is a possibility that the Bank will receive future economic benefits and its amount can be reliably determined.

On the recognition date, receivables are assessed and reflected in the Bank's balance sheet at original cost (actual cost). At each subsequent balance sheet date after recognition, receivables are reflected in the amount of their value after deducting estimated reserves for expected losses.

Accounting for receivables is carried out on the relevant balance sheet accounts in terms of customer-debtors and depending on the type of transaction under which it arises. Debt for the Bank's business activities is accounted for by types of transactions and counterparties. Accounts receivable accounts in the Bank are used in accordance with their purpose.

The termination of the recognition of receivables is carried out within the terms stipulated in the contracts, or upon the occurrence of certain events, according to the terms of the contracts or accounting models, as well as in the case of write-off of the debt at the expense of the reserve.

For accounting purposes, receivables are classified by the Bank according to the following criteria:

- by the time of occurrence on the Bank's balance sheet (number of days from the moment of occurrence),
- in compliance with the repayment terms (current, overdue),
- by quality (depending on the class of client-debtor),
- by type of transaction (financial debt, business debt).

Receivables in foreign currency, which belong to non-monetary items of the balance sheet, are reflected in the accounting in the national currency at the official rate of the NBU on the date of its occurrence. Such debt, in particular, includes debt for transactions related to the acquisition of non-current assets, stocks, etc.

Receivables belonging to the monetary (cash) items of the balance sheet are recorded in the currency of origin and are revalued at each change in the official exchange rate. Such debt includes debt from the acquisition of financial assets by the Bank, from transactions with the Bank's clients, etc.

The Bank assesses expected credit losses and forms a provision for expected losses on receivables in full as of the first of the month following the reporting month. Reserve formation is carried out for receivables that are a financial asset (financial receivables) and for receivables from the Bank's business activities (non-financial receivables).

Description of the accounting policy for transactions between related parties

The Bank determines the list of persons related to the Bank in accordance with the requirements of International Accounting Standard 24 (IAS 24) «Related Party Disclosures».

Agreements made with persons related to the Bank cannot provide for conditions that are not current market conditions. Agreements concluded with persons related to the Bank on terms that are not current market conditions are considered invalid from the moment of their conclusion.

Description of other aspects of accounting policies that are relevant for understanding financial statements

Accounting for the impact of inflation

The need to restate financial statements in accordance with IAS 29 «Financial Reporting in Hyperinflationary Economies» is a matter of judgment. The characteristics of the economic environment of Ukraine for the reporting year 2022 are not indicators of hyperinflation, therefore the Bank did not recalculate the financial statements.

5. Accounting policy, changes in accounting estimates and errors

Reclassifications

As of December 31, 2022, the Bank made a decision to approximate the format of the disclosure of indicators and the names of articles of the main forms of financial reporting to the format of submitting financial reporting according to international standards in a single electronic format, approved by the order of the Ministry of Finance of Ukraine No. 595 «On approval of the translation of the Taxonomy of financial reporting under international financial reporting standards 2021» dated November 12, 2021. Accordingly, certain changes were made in the presentation of comparative information for 2021, namely: Statement of financial position - as of December 31, 2022 - Statement of financial position in order of liquidity:

The article «Right-of-use assets» is combined with the article «Fixed assets»;

The article «Liabilities of the lessee from leasing (rent)» is combined with the article «Other financial liabilities».

The table below shows the impact of such reclassifications on the disclosure of information in the statement of financial position in order of liquidity as at 31 December 2021:

	As of December 31, 2021 (according to previous reporting)	The effect of converting to a new format	As of December 31, 2021 (recalculated)
ASSETS			
Fixed assets	*37 425*	39 252	76 677
Right-of-use assets	*39 252*	(39 252)	-
LIABILITIES			
Liabilities of the tenant from leasing (rent)	*41 028*	(41 028)	-
Other financial liabilities	*35 600*	*41 028*	*76 628*

In the Report on the total income, profit or loss, the name of the articles was changed according to the nature of expenses, namely:

«Net impairment loss of financial assets» has been reclassified as «Impairment gain and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9»;

«Net impairment loss on other assets» is reclassified to «Impairment gain and reversal of impairment loss (impairment loss) for non-financial assets»;

«Net loss/(gain) from increase/(decrease) in provisions for liabilities» is reclassified to «Impairment loss (reversal of impairment loss) recognized in profit or loss»;

«Other operating income» was reclassified as «Other income»

The table below shows the impact of such reclassifications on the disclosures in the Statement of Comprehensive Income, Profit or Loss, by nature of expenses as of December 31, 2021:

	As of December 31, 2021 (according to previous reporting)	The effect of converting to a new format	As of December 31, 2021 (recalculated)
Net loss from impairment of financial assets	52 520	(52 520)	-
Impairment gains and reversals of impairment losses are defined in accordance with IFRS 9	-	52 520	52 520
Net impairment loss of other assets	*3 887*	(3 887)	-
Impairment gains and reversals of impairment losses for non-financial assets	-	3 887	3 887
Net loss/(profit) from increase/(decrease) in provisions for liabilities	*(145)*	*145*	-
An impairment loss (reversal of an impairment loss) is recognized in profit or loss	-	*(145)*	*(145)*
Other operating income	*18 979*	*(18 979)*	-
Other income	-	*18 979*	*18 979*

Corresponding changes were made in the comparative information in the notes to the financial statements.

Disclosure of the expected impact of the first application of new standards or interpretations

Annual Improvements to IFRS, cycle 2018-2020 are a comprehensive package of changes to IFRS, which includes, in particular:

Amendments to IFRS 1 «First-time Adoption of IFRS», which means that a subsidiary that first applies IFRS later than its parent company can measure accumulated exchange differences across all foreign divisions in its financial statements at book value, in which they were included in the consolidated financial statements of the parent company. An associated company and a joint venture have a similar opportunity.

Previously, before the corresponding amendments to IFRS 1, the subsidiary company had to reflect the accumulated exchange differences as part of other comprehensive income with subsequent transfer to profit or loss upon disposal of a foreign division or consider them equal to zero upon transition to IFRS and adjust them upon disposal of a foreign division.

That is, the above-mentioned changes to IFRS 1 exempt the subsidiary from additional calculations and adjustments, allowing the use of exchange rate differences that are already reflected in the parent company's IFRS reporting.

Amendments to IFRS 9 «Financial Instruments» – clarify which fees should be taken into account when applying the «10 percent» test in paragraph B3.3.6 of IFRS 9 to assess whether a financial liability should be derecognized.

The terms of a financial liability are considered materially different if the discounted present value of the cash flows on the new terms, including any fees paid less any fees received and discounted at the original effective interest rate, differs by at least 10% from the discounted present value the value of residual cash flows for the original financial obligation. When determining the amount of commission payments after deducting commissions received, the borrower takes into account only the sums of commissions paid or received between this borrower and the relevant creditor, including commissions paid or received by the borrower or the creditor on behalf of each other.

Amendments to IAS 41 «Agriculture». From January 1, 2022, the requirement to exclude tax flows of funds in the assessment of fair value in paragraph 22 of IAS 41 was canceled. Now the requirements of IAS 41 regarding the determination of fair value fully correspond to the provisions of IFRS 13 «Fair Value Measurement».

Reporting entities to determine a more accurate fair value of a biological asset independently decide which to apply:

- types of discount rates – before or after taxation;
- cash flows - with or without tax expenses.

Companies with biological assets need to review and align their:

- methods, models for calculating the fair value of biological assets;
- accounting policies for estimating the fair value of biological assets.

Amendments to IFRS 3 «Business Combinations» relate to references to the new version of the Conceptual Framework for Financial Reporting (hereinafter - the Conceptual Framework), in particular, the reference to the Conceptual Framework in the norm, which defines the conditions for recognition of identified acquired assets and assumed liabilities, has been changed acquisition Such assets and liabilities must meet the definition of assets and liabilities in the Conceptual Framework.

In addition, there is an exception where, for certain liabilities and contingent liabilities, the acquirer must apply IAS 37 to determine whether a past event liability exists at the acquisition date.

It is determined that the buyer cannot recognize a contingent asset at the date of acquisition.

For obligatory payments within the scope of IFRIC 21 Obligatory Payments, the acquirer should apply this IFRIC to determine whether an obligating event has occurred before the acquisition date that gives rise to the obligation to pay mandatory payment.

Amendments to IAS 16 «Property, Plant and Equipment» concern the accounting and disclosure of information regarding income from property, plant and equipment before their intended use. In particular, it is prohibited to exclude from the cost of fixed assets the amounts received from the sale of products produced during the period of preparation of the asset for its intended use. Such sales revenue and related expenses should be recognized in profit or loss.

Entities must apply these changes retrospectively, but only to those items of property, plant and equipment that have been delivered to the location and brought to the condition necessary for operation in a manner determined by management on or after the date of commencement of the earliest of presented in the financial statements of the period in which these changes are first applied. Entities should recognize the cumulative effect of the initial application of these changes as an adjustment to the opening balance of retained earnings (or other component of equity) at the beginning date of that earliest period presented.

Amendments to IAS 37 «Provisions, Contingent Liabilities and Contingent Assets » specify exactly which costs should be included in the assessment of the costs of fulfilling obligations under the contract in order to determine it as onerous. On January 1, 2022, it was established that the costs of implementing the contract include costs that are directly related to this contract and include:

- additional costs for the execution of this contract, for example, direct costs for labor and materials; and
- distributed other costs directly related to the performance of contracts, for example, the distributed part of the

costs for depreciation of the fixed asset object, which is used for the performance of this contract, among others.

Onerous contracts are inherently unprofitable. Valuation reserves must be created under such contracts. Amendments to IAS 37, clarifying the list of costs, may lead to an increase in the size of valuation reserves.

From January 1, 2023, the following new IFRS and amendments to IFRS will enter into force:

- IFRS 17 «Insurance Contracts»;
- Amendments to IAS 1 «Presentation of Financial Statements», to Practical Guide No. 2 of IFRS «Formation of judgments about materiality»;
- Amendments to IAS 8 «Accounting Policies, Changes in Accounting Estimates and Errors» - Definition of accounting estimates;
- Amendments to IFRS 17 «Insurance Contracts» - First-time application of IFRS 17 and IFRS 9.

IFRS 17 replaces the interim Standard - IFRS 4, requires consistent accounting for all insurance contracts based on the current valuation model, provides useful information on the profitability of insurance contracts.

The main innovations of IFRS 17 include:

- classification of insurance and investment contracts;
- compulsory separation of non-insurable components;
- determining the profitability of insurance contracts at the time of initial recognition (for example, whether insurance contracts are onerous);
- requirements for aggregation of contracts: by risk level, profitability, date of issue and other requirements of the standard;
- expansion of requirements for disclosure of information in financial reporting in the structure of the balance sheet and the report on financial results;
- actuarial calculations through various methods of assessing liabilities.

IFRS 17 is applied retrospectively and is not applicable to the Bank.

It should be noted that the initial version of IFRS 17 was amended in June 2020 to provide for:

postponement of the date of initial application of IFRS 17 until 01.2023, as well as transfer to this date of the temporary exclusion provided for by IFRS 4 regarding the application of IFRS 9;

additional exclusion from the scope of IFRS 17 of credit card contracts that provide for insurance coverage, as well as exclusion (as an option) of credit agreements that provide for the transfer of insurance risk;

permission to apply IFRS 17 regarding interim financial statements in accordance with the choice of accounting policy at the level of the business entity;

the requirement for an economic entity, which on the date of initial recognition recognizes losses under issued onerous insurance contracts, to also recognize profit from retained reinsurance contracts;

simplified presentation of information on insurance contracts in the Statement of Financial Position (assets and liabilities for portfolios of insurance contracts, not groups);

simplification regarding the transition to the application of IFRS 17 in business combinations and regarding the date of application of the risk reduction option and the approach of applying the fair value model.

Changes to IAS 1 «Presentation of Financial Statements» consist in replacing requirements for organizations to disclose their «significant accounting policies» with the requirement to disclose «material accounting policies».

Information is material if its omission, misrepresentation or obfuscation could reasonably be expected to affect the decisions made by the primary users of general purpose financial statements based on such statements that provide financial information about a particular reporting entity.

In addition, guidance has been added on how entities should apply the concept of materiality when making accounting policy disclosure decisions.

Amendments to IAS 8 «Accounting Policies, Changes in Accounting Estimates and Errors» clarify the difference between changes in accounting policies and accounting estimates, and also define accounting estimates as monetary amounts in financial statements about which there is estimation uncertainty.

The IFRS Council clarifies that changes in accounting estimates due to new information or developments are not corrections of errors. In addition, the results of changes in inputs or valuation techniques are changes in accounting estimates unless they result from adjustments to prior period errors. Changes in accounting estimates may affect only current period profits/losses or current and future periods.

The amendments are effective for annual periods beginning on or after January 1, 2023, for changes in accounting policies and changes in accounting estimates that occur on or after that date. Early application is allowed.

Amendments to IAS 12 «Income Taxes» clarify how entities should account for deferred taxes on transactions such as leases and disposal obligations.

In certain circumstances, IAS 12 provides entities with an exemption from the recognition of deferred taxes if they relate to the initial recognition of assets and liabilities. However, there was uncertainty about whether to apply the exemption to transactions such as leases and disposal liabilities, transactions for which entities recognize both assets and liabilities.

The amendments clarify that the exemption from initial recognition does not apply to transactions in which, upon initial recognition, equal amounts of deductible and taxable differences arise. Organizations need to recognize deferred taxes on these transactions.

A deferred tax liability should be recognized for all taxable temporary differences, except when such differences arise from:

a) initial recognition of goodwill, or

b) initial recognition of an asset or liability in a transaction that:

c) is not a business association;

d) does not have any impact on either accounting or taxable profit (tax loss);

e) during implementation does not lead to the emergence of temporary differences that are subject to taxation and deduction in equal amounts

A deferred tax asset should be recognized in respect of all deductible temporary differences when it is probable that taxable profit will be produced against which the deductible temporary difference can be applied, except when the deferred tax asset arises from the initial recognition of the asset or liability knitting in an operation that:

a) is not a business association;

b) does not affect either accounting profit or taxable profit (tax loss) during the transaction;

c) during implementation does not lead to the emergence of temporary differences that are subject to taxation and deduction in equal amounts.

An entity must apply the above Amendments to transactions that occur at the beginning of or after the earliest comparative period.

At the beginning of the earliest comparative period, the entity must:

a) recognize a deferred tax asset to the extent that it is probable that taxable profit will be obtained to which a deductible temporary difference can be applied and a deferred tax liability in respect of all taxable and deductible temporary differences, associated with:

a) assets with the right to use and lease obligations, and

b) costs of decommissioning, restoration and similar obligations and corresponding amounts recognized as part of the value of the related asset; and

c) recognize the cumulative effect of the first application of the Amendment as an adjustment to the opening balance of retained earnings (or other component of capital) at that date.

Amendments to IFRS 17 «Insurance Contracts» – First-time application of IFRS 17 and IFRS 9 entities must apply IFRS 17 from the date of initial application. When applying the requirements for the classification of financial assets provided by the Amendments, entities provide comparative information as if the requirements of IFRS 9 regarding classification and evaluation were applied in the comparative period. Impairment requirements (clause 5.5 of IFRS 9) may not apply.

The approach is applied to reporting periods from the date of transition to IFRS 17 to the date of first application of IFRS 17.

Individual application is provided for each instrument, as well as additional requirements for the disclosure of qualitative information regarding the scope of application of classification requirements and to what extent the requirements of IFRS 9 on impairment are applied (clause 5.5 of IFRS 9).

The changes define the range of entities that can apply the approach provided for by the changes. These are, in particular:

- organizations that simultaneously apply IFRS 17 and IFRS 9 for the first time and choose to list comparative information (regarding financial assets whose recognition was discontinued in the comparative period (financial assets to which the requirements of IFRS 9 do not apply));

- organizations that simultaneously apply IFRS 17 and IFRS 9 for the first time and do not list comparative information (regarding any financial assets in the comparative period);

- organizations that applied IFRS 9 earlier than IFRS 17 (for financial assets whose recognition was discontinued in the comparative period and which will be reclassified in accordance with Clause C29 of IFRS 17).

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

- Changes 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 additional conditions».

Effective Date of Amendments to IAS 1 «Presentation of Financial Statements»

- The classification of liabilities as current and non-current was finally postponed to January 1, 2024 from the originally planned date of January 1, 2022 and changed to January 1, 2023.

It is clarified that a liability is classified as non-current if the entity has the right to defer settlement of the liability for at least 12 months – this right must exist at the end of the reporting period.

The right to defer settlement of the liability for at least 12 months after the end of the reporting period must be real

and must exist at the end of the reporting period.

If the right to postpone the settlement of the obligation depends on the organization fulfilling certain conditions, then such a right exists at the end of the reporting period only if the organization has fulfilled these conditions at 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 likelihood 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. If a liability meets the criteria of paragraph 69 of IAS 1, it is classified as non-current, even if management intends or expects to settle this liability within 12 months after the end of the reporting period, or even if the entity settles this liability in the period between the end of the reporting period and date of approval of financial statements for publication. However, in any case, it may be necessary to disclose information about the timing of the settlement of the liability to enable users of the financial statements to understand the effect of these circumstances on the financial position of the entity.

Amendments to IAS 1 «Presentation of Financial Statements» - «Non-current liabilities with additional conditions» provide that if the right of the organization to delay the settlement of the liability is subject to additional conditions (covenants) within 12 months after the reporting date, the organization must disclose in the notes additional information that will enable users of financial statements to understand the risk that liabilities will have to be paid within 12 months from the reporting date. In particular, it will be necessary to disclose:

information on the essence of the covenants, when the organization must fulfill these additional conditions, the book value of the relevant obligations;

facts and circumstances that indicate that the entity may have difficulties in meeting additional conditions, including those that may be assessed at the end of the reporting period.

Amendments to IAS 1 «Presentation of Financial Statements» - Classification of liabilities as current and non-current (year 2020) take effect from 01.01.2024. Earlier application is allowed. If the organization will apply the 2020 Amendments earlier than 01.01.2024, but after the publication of the Amendments «Non-current liabilities with additional terms» (10.2022), it must simultaneously apply all amendments. The fact of applying the 2020 Changes earlier than January 1, 2024 must be disclosed.

Changes to «Non-current liabilities with additional conditions» (10.2022) of the organization should be applied retrospectively from 01.01.2024. Earlier application is allowed. With earlier application, all the above changes are applied simultaneously. The Bank did not apply earlier application of the requirements of the standard.

Currently, the Bank is evaluating the impact of IFRS changes and amendments on the preparation of future financial statements. The changes in IFRS will not affect the 2022 financial statements.

6. Sub-classifications of assets, liabilities and equity

	At the end of the reporting period	At the beginning of the reporting year
Cash and cash equivalents		
Monetary funds		
Cash	*122 619*	*192 591*
Correspondent accounts, deposits and overnight loans in banks	177 641	378 601
Ukraine	*177 641*	*378 601*
The total amount of cash	300 260	571 192
Cash equivalents		
Short-term accommodation at the NBU	1 381 739	930 256
Deposit certificates of the National Bank of Ukraine	1 381 739	930 256
The total amount of cash equivalents	1 381 739	930 256
The total amount of cash and their equivalents	1 681 999	1 501 448
Loans and advances to customers		
Loans to corporate entities	*881 371*	*958 486*
Credits to customers	*132 146*	*231 386*
Mortgage	*22 966*	*29 414*
The total amount of loans and advances to customers	1 036 483	1 219 286
Categories of financial assets		
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss designated on initial recognition or subsequently	*93 935*	*97 669*
Financial assets at fair value through profit or loss, necessarily measured at fair value	*6 735*	*2 559*
Total financial assets at fair value through profit or loss	100 670	100 228
Financial assets at fair value through other comprehensive income		
Financial assets measured at fair value through other comprehensive income	*580 857*	*1 047 084*
Total financial assets at fair value through other comprehensive income	580 857	1 047 084
Financial assets at amortized cost	*2 605 359*	*2 475 500*
The total amount of financial assets	***3 286 886***	***3 622 812***
Intangible assets and goodwill		
Intangible assets with the exception of goodwill		

Computer software	*26 170*	*31 182*
Licenses and franchises	*360*	*588*
Copyrights, patents and other industrial property rights, service and exploitation rights	*19*	*8*
Intangible assets at the development stage	*1 132*	*1 132*
Other intangible assets	*68*	*98*
Total amount of intangible assets excluding goodwill	27 749	33 008
Total amount of intangible assets and goodwill	27 749	33 008
Fixed assets		
Land and buildings		
Land	*87*	*87*
Buildings	*34 156*	*49 939*
Total amount of land and buildings	34 243	50 026
Devices and accessories	*634*	*1 326*
Office equipment	*3 356*	*4 410*
Computer equipment	*6 012*	*11 612*
Unfinished capital investments in fixed assets	*303*	*6 206*
Other fixed assets	*1 903*	*3 097*
The total amount of fixed assets	46 451	76 677
Different assets		
Derivative financial assets	*6 735*	*2 559*
Derivative financial instruments held for trading	*6 735*	*2 559*
Held debt instruments		
Held government debt instruments	*580 857*	*1 047 084*
The total amount of held debt instruments	580 857	1 047 084
Deferred tax assets	*251*	*492*
Current tax assets	*6 652*	-
Other financial assets		
Accounts receivable for securities	*66 221*	-
Accounts receivable for transactions with payment cards	*11 354*	*9 050*
Accounts receivable for cash transactions	-	*13 504*
Restricted funds and their equivalents	*18 884*	*18 881*
Other receivables	*6 972*	*3 591*
Total amount of other financial assets	103 432	45 026
Other non-financial assets		
Property transferred to the bank as a pledge holder	*7 791*	*7 791*
Advance payments and accrued income excluding contractual assets		
Advance payments	*2 584*	*1 606*
The total amount of advance payments and accrued income excluding contractual assets	2 584	1 606
Bank metals	217	161
Other assets	*247*	*1 485*
Total amount of other non-financial assets	*10839*	*9 437*
Financial liability categories		
Financial liabilities at amortized cost	*2 833 715*	*3 251 359*
Total amount of financial liabilities	**2 833 715**	**3 251 359**
Classes of other security		
Various other provisions for liabilities		
Reserves for credit liabilities	*888*	*94*
Reserves under financial guarantee contracts	*1 910*	*4 512*
Total various other reserves for the liabilities	2 798	4 606
Other financial liabilities		
Accounts payable under leasing (rent)	*23 389*	*41 028*
Other financial liabilities	*5 588*	*35 600*
Total other financial liabilities	28 977	76 628
Different liabilities		
Dividends payable	*9 085*	*9 085*
Deposits from customers		
Balances on term deposits from customers	*2 019 774*	*2 139 932*
Balances on current accounts from customers	*772 562*	*1 033 464*
Balances on other deposits from customers	*3 318*	*1 335*
The total amount of deposits from customers	2 795 654	3 174 731
Current tax liabilities	-	*5 954*
Other non-financial liabilities		
Accrual and deferred income, including contractual obligations		
Deferred income including contractual obligations		
Obligations under contracts		
Deferred revenue excluding contractual obligations	2 765	1 710
The total amount of deferred income, including contractual obligations	2 765	1 710
The total amount of accruals and deferred income, including contractual obligations	2 765	1 710
Accounts payable for settlements with bank employees	*10 509*	*12 238*
Accounts payable for social security and taxes excluding income tax	1 997	1 475
Accounts payable for other taxes	*1 997*	*1 475*
Other accounts payable	*7 903*	*13 717*

The total amount of other non-financial liabilities	***23 173***	***29 140***
Share capital		
Share capital, ordinary shares	*500 000*	*500 000*
Total amount of the share capital	***500 000***	***500 000***
Undivided profit		
Retained earnings, profit (loss) for the reporting period	*4 382*	*57 271*
Retained earnings, excluding profit (loss) for the reporting period	*54 407*	
The total amount of retained earnings	58 789	57 271
Accumulated other comprehensive income		
Reserve for profit and losses on financial assets measured at fair value through other comprehensive income	*(12 817)*	*(746)*
The total amount of accumulated other comprehensive income	(12 817)	(746)
Different equity		
Reserve and other funds of the bank	*95 790*	*92 926*
Net assets (liabilities)		
Assets	*3 501 448*	*3 940 509*
Liabilities	*(2 859 686)*	*(3 291 058)*
Net assets (liabilities))	641 762	649 451

7. Analysis of income and expenses

	Current reporting period	Comparative reporting period
Income from ordinary activities		
Interest income	**394 312**	**380 510**
Interest income from cash and bank balances in other banks	518	748
Interest income from cash and cash equivalents	94 391	13 349
Interest income from debt instruments of the withheld	111 152	99 453
Interest income from deposits	300	
Interest income from loans and advances to banks	121	1 419
Interest income from loans and advances to customers	179 566	263 210
Interest income under financial lease	8 264	2 331
Other income from ordinary activities	5 778	18 979
Commission income		
Loan-related fees and commission income	924	1 402
Income from settlement and cash service	53 521	241 965
Income from off-balance sheet operations	29 094	43 573
Income from operations on the foreign exchange market and the market of banking metals	15 448	9 731
Other commission income	838	3 099
The total amount of service fees and commission income	**99 825**	**299 770**
The total amount of income from ordinary activities	***499 915***	***699 259***
Significant income and expenses		
Partial write-off (reversal of partial write-off) of fixed assets		
Impairment loss recognized in profit or loss, property, plant and equipment	616	-
Net partial write-offs (reversal of partial write-offs) of fixed assets	**616**	-
Impairment loss (reversal of impairment loss) recognized in profit or loss, loans and advances		
Impairment loss recognized in profit or loss, loans and advances	270 262	34 894
Reversal of impairment loss recognized in profit or loss, loans and advances	(196 236)	(88 888)
Net impairment loss (reversal of impairment loss) recognized in profit or loss, loans and advances	**74 026**	**(53 994)**
Profit from repayment of loans and advances written off earlier	187	50
Profits (losses) from disposal of fixed assets		
Profits from the disposal of fixed assets	-	141
Losses from disposal of fixed assets	(422)	(6 636)
Net profits (losses) from disposal of fixed assets	**(422)**	**(6 495)**
Interest expenses	**188 635**	**152 591**
Interest expenses on deposits from customers	170 144	146 141
Interest expenses on liabilities to central banks	14 276	-
Interest expenses on other financial obligations	3 676	6 112
Interest expenses under sales contracts with repurchase and collateral for securities loaned	539	338
Other operating income (expenses)	5 481	15 594
Expenses for charitable contributions and subsidies	1 000	-
Rental expenses	7 392	147 256
Income from fines and interest	297	3 025
Operating expenses	30 695	33 138
Profits (losses) from changes in the fair value of derivatives		
Commission costs		
Expenses from settlement and cash service	17 920	20 625
Expenses for transactions with securities	241	288
Expenses for off-balance sheet operations	4	-
Other commission costs	10	55
The total amount of commission costs	**18 175**	**20 968**
Income (expenses) from sales		

Income (expenses) from the sale of debt instruments	785	3 636
Income (expenses) from the sale of derivative financial instruments	1 423	(150)
The total amount of income (expenses) from the sale	2 208	3 486
Expenses by nature		
Expenses for payment of professional services	7 904	30 693
Travel expenses	49	212
Communication costs	4 198	5 900
Utility costs	8 561	7 846
Advertising costs	704	4 895
Classes of costs for employee benefits		
Short-term costs for employee benefits		
Salary	158 240	187 280
Contributions to social security	33 947	39 993
Other short-term payments to employees	2 340	1 574
The total amount of short-term costs for employee benefits	**194 527**	**228 847**
The total amount of expenses for employee benefits	**194 527**	**228 847**
Amortization of tangible and intangible assets and impairment losses (reversal of impairment losses) recognized in profit or loss		
Depreciation expenses		
Depreciation expenses	29 195	39 350
Expenses for amortization of intangible assets	5 532	4 720
The total amount of depreciation expenses	**34 728**	**44 070**
Impairment loss (reversal of impairment loss) recognized in profit or loss	(1 697)	145
Total amount of depreciation and impairment losses (reversal of impairment losses) recognized in profit or loss	**33 031**	**44 215**
Tax expenses excluding income tax expenses	523	1 167
The total amount of expenses, by nature	**228 081**	**274 229**
Comprehensive income from ongoing and discontinued operations		
Comprehensive income from ongoing activities	(7 689)	52 142
The total amount of comprehensive income	**(7 689)**	**52 142**

8. Fixed assets

Land

	Gross book value		Accumulated depreciation of material and intangible assets		Accumulated impairment		Book value	
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period
Disclosure of detailed information about fixed assets								
Reconciliation of changes in fixed assets								
Fixed assets at the beginning of the period	**87**	**87**	-	-	-	-	**87**	**87**
Fixed assets at the end of the period	**87**	**87**	-	-	-	-	**87**	**87**

continuance

Buildings

	Gross book value		Accumulated depreciation of material and intangible assets		Accumulated impairment		Book value	
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period
Disclosure of detailed information about fixed assets								
Reconciliation of changes in fixed assets								
Fixed assets at the beginning of the period	**95 610**	**87 478**	**(45 672)**	**(32 875)**	-	-	**49 938**	**54 603**
Changes in fixed assets								
Increase except as a result of business combination fixed assets	13 082	24 229	-	-	-	-	13 082	24 229
Depreciation of fixed assets	-	-	(20 233)	(28 002)	-	-	(20 233)	(28 002)
An impairment loss is recognized in the profit or loss of fixed assets	-	-	-	-	(548)	-	(548)	-
Increase (decrease) due to other changes in fixed assets	6 240	1 546	(14 323)	(2 438)	-	-	(8 083)	(892)
The total amount of increase (decrease) due to transfers and other changes in fixed assets	**6 240**	**1 546**	**(14 323)**	**(2 438)**	-	-	**(8 083)**	**(892)**

Disposal and decommissioning of fixed assets								
Disposal of fixed assets	(19 307)	(17 643)	19 307	17 643	-	-	-	-
The total amount of disposal and disposal of fixed assets	**(19 307)**	**(17 643)**	**19 307**	**17 643**	**-**	**-**	**-**	**-**
Total amount of increase (decrease) in fixed assets	**15**	**8 132**	**(15 249)**	**(12 797)**	**(548)**	**-**	**(15 782)**	**(4 665)**
Fixed assets at the end of the period	**95 625**	**95 610**	**(60 921)**	**(45 672)**	**(548)**	**-**	**34 156**	**49 938**

continuance

Vehicles

	Gross book value		Accumulated depreciation of material and intangible assets		Accumulated impairment		Book value	
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period
Disclosure of detailed information about fixed assets								
Reconciliation of changes in fixed assets								
Fixed assets at the beginning of the period	**1 542**	**1 974**	**(1 542)**	**(1 974)**	**-**	**-**	**-**	**-**
Changes in fixed assets								
Disposal and decommissioning of fixed assets								
Disposal of fixed assets	-	(432)	-	432	-	-	-	-
The total amount of disposal and disposal of fixed assets	-	(432)	-	432	-	-	-	-
Total amount of increase (decrease) in fixed assets	-	**(432)**	-	**432**	-	-	-	-
Fixed assets at the end of the period	**1 542**	**1 542**	**(1 542)**	**(1 542)**	**-**	**-**	**-**	**-**

continuance

Devices and accessories

	Gross book value		Accumulated depreciation of material and intangible assets		Accumulated impairment		Book value	
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period
Disclosure of detailed information about fixed assets								
Reconciliation of changes in fixed assets								
Fixed assets at the beginning of the period	**7 060**	**7 072**	**(5 734)**	**(5 210)**	**-**	**-**	**1 326**	**1 862**
Changes in fixed assets								
Increase except as a result of business combination fixed assets	-	227	-	-	-	-	-	227
Depreciation of fixed assets	-	-	(684)	(763)	-	-	(684)	(763)
Disposal and decommissioning of fixed assets								
Disposal of fixed assets	(106)	(239)	98	239	-	-	(8)	-
The total amount of disposal and disposal of fixed assets	(106)	(239)	98	239	-	-	(8)	-
Total amount of increase (decrease) in fixed assets	(106	(12)	(586)	(524)	-	-	(692)	(536)
Fixed assets at the end of the period	**6 954**	**7 060**	**(6 320)**	**(5 734)**	**-**	**-**	**634**	**1 326**

continuance

Office equipment

	Gross book value		Accumulated depreciation of material and intangible assets		Accumulated impairment		Book value	
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period
Disclosure of detailed information about fixed assets								

Reconciliation of changes in fixed assets								
Fixed assets at the beginning of the period	**15 691**	**15 195**	**(11 281)**	**(9 663)**	**-**	**-**	**4 410**	**5 532**
Changes in fixed assets								
Increase except as a result of business combination fixed assets	604	731	-		-	-	604	731
Depreciation of fixed assets	-		(1 580)	(1 816)		-	(1 580)	(1 816)
An impairment loss is recognized in the profit or loss of fixed assets	-	-		-	(55)	-	(55)	-
Capital investments for the completion of fixed assets and improvements	62	-	-		-		62	-
The total amount of increase (decrease) due to transfers and other changes in fixed assets								
Disposal of fixed assets	(318)	(235)	233	198	-	-	(85)	(37)
The total amount of disposal and disposal of fixed assets	(318)	(235)	233	198	-	-	(85)	(37)
Total amount of increase (decrease) in fixed assets	348	496	(1 347)	(1 618)	(55)	-	(1 054)	(1 122)
Fixed assets at the end of the period	**16 039**	**15 691**	**(12 628)**	**(11 281)**	**(55)**		**3 356**	**4 410**

continuance

Computer equipment

	Gross book value		Accumulated depreciation of material and intangible assets		Accumulated impairment		Book value	
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period
Disclosure of detailed information about fixed assets								
Reconciliation of changes in fixed assets								
Fixed assets at the beginning of the period	**32 644**	**22 737**	**(21 032)**	**(14 946)**	**-**	**-**	**11 612**	**7 791**
Changes in fixed assets								
Increase except as a result of business combination fixed assets	85	9 908	-	-	-	-	85	9 908
Depreciation of fixed assets	-	-	(5 683)	(6 087)	-	-	(5 683)	(6 087)
An impairment loss is recognized in the profit or loss of fixed assets	-	-	-	-	(1)	-	(1)	-
Disposal and decommissioning of fixed assets								
Disposal of fixed assets	(7)	(1)	6	1	-	-	(1)	-
The total amount of disposal and disposal of fixed assets	(7)	(1)	6	1	-		(1)	-
Total amount of increase (decrease) in fixed assets	78	9 907	(5 677)	(6 086)	(1)	-	(5 600)	3 821
Fixed assets at the end of the period	**32 722**	**32 644**	**(26 709)**	**(21 032)**	**(1)**	**-**	**6 012**	**11 612**

continuance

Unfinished capital investments in fixed assets

	Gross book value		Accumulated depreciation of material and intangible assets		Accumulated impairment		Book value	
	Current	Comparative	Current	Comparative	Current	Comparative	Current	Compara

	reporting period	reporting period	reporting period	reporting period	reporting period	reporting period	reporting period	tive reportin g period
Disclosure of detailed information about fixed assets								
Reconciliation of changes in fixed assets								
Fixed assets at the beginning of the period	**6 206**	**42**	**-**	**-**	**-**	**-**	**6 206**	**42**
Changes in fixed assets								
Increase except as a result of business combination fixed assets	875	6 403	-	-	-	-	875	6 403
Disposal of fixed assets	(6 778)	(239)	-	-	-	-	(6 778)	(239)
The total amount of disposal and disposal of fixed assets	(6 778)	(239)	-		-	-	(6 778)	(239)
Total amount of increase (decrease) in fixed assets	(5 903)	6 164	-	-	-	-	(5 903)	6 164
Fixed assets at the end of the period	**303**	**6 206**	**-**	**-**	**-**	**-**	**303**	**6 206**

Other fixed assets

	Gross book value		Accumulated depreciation of material and intangible assets		Accumulated impairment		Book value	
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Compara tive reportin g period
Disclosure of detailed information about fixed assets								
Reconciliation of changes in fixed assets								
Fixed assets at the beginning of the period	**18 042**	**18 199**	**(14 944)**	**(13 758)**	**-**	**-**	**3 098**	**4 441**
Changes in fixed assets								
Increase except as a result of business combination fixed assets	74	1 379	-	-	-	-	74	1 379
Depreciation of fixed assets	-	-	(1 015)	(2 681)	-	-	(1 015)	(2 681)
An impairment loss is recognized in the profit or loss of fixed assets	-	-	-	-	(12)	-	(12)	-
Disposal and decommissioning of fixed assets								
Disposal of fixed assets	(3 740)	(1 536)	3 498	1 495	-	-	(242)	(41)
The total amount of disposal and disposal of fixed assets	(3 740)	(1 536)	3 498	1 495	-	-	(242)	(41)
Total amount of increase (decrease) in fixed assets	(3 666)	(157)	2 483	(1 186)	(12)	-	(1 195)	(1 343)
Fixed assets at the end of the period	**14 376**	**18 042**	**(12 473)**	**(14 944)**	**(12)**	**-**	**1 903**	**3 098**

continuance

Fixed assets

	Gross book value		Accumulated depreciation of material and intangible assets		Accumulated impairment		Book value	
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Compara tive reportin g period	Current reporting period	Comparati ve reporting period
Disclosure of detailed information about fixed assets								
Reconciliation of changes in fixed assets								
Fixed assets at the	**176 882**	**152 784**	**(100 205)**	**(78 426)**	**-**	**-**	**76 677**	**74 358**

beginning of the period								
Changes in fixed assets								
Increase except as a result of business combination fixed assets	14 720	42 877	-	-	-	-	14 720	42 877
Depreciation of fixed assets	-	-	(29 195)	(39 349)	-	-	(29 195)	(39 349)
An impairment loss is recognized in the profit or loss of fixed assets	-	-	-		(616)	-	(616)	-
Capital investments for the completion of fixed assets and improvements	62	-	-	-	-	-	62	-
Increase (decrease) due to transfers and other changes in fixed assets	-	-	-	-	-	-	-	-
Increase (decrease) due to other changes in fixed assets	6 240	1 546	(14 323)	(2 438)	-	-	(8 083)	(892)
The total amount of increase (decrease) due to transfers and other changes in fixed assets	**6 240**	**1 546**	**(14 323)**	**(2 438)**	-	-	**(8 083)**	**(892)**
Disposal and decommissioning of fixed assets								
Disposal of fixed assets	(30 256)	(20 325)	23 142	20 008	-		(7 114)	(317)
The total amount of disposal and disposal of fixed assets	**(30 256)**	**(20 325)**	**23 142**	**20 008**	-	-	**(7 114)**	**(317)**
Total amount of increase (decrease) in fixed assets	**(9 234)**	**24 098**	**(20 376)**	**(21 779)**	**(616)**	-	**(30 226)**	**2 319**
Fixed assets at the end of the period	**167 648**	**176 882**	**(120 581)**	**(100 205)**	**(616)**	-	**46 451**	**76 677**

Disclosure of information about fixed assets by operating lease status.

As of the end of the day on December 31, 2022, the Bank has operating lease contracts, the object of which are fixed assets, namely: non-residential premises of buildings. In accordance with the requirements of IFRS 16, all other leased non-residential premises of buildings are recorded in the balance sheet as Assets with right of use. Other fixed assets recorded in the Bank's balance sheet as of the reporting date are not subject to operating leases.

	Buildings					
	Is subject of operating lease		Not subject of operating lease			Total
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period
Disclosure of detailed information about fixed assets						
Reconciliation of changes in fixed assets						
Fixed assets at the beginning of the period	**39 252**	**42 98**	**10 686**	**11 623**	**49 938**	**54 603**
Changes in fixed assets						
Increase except as a result of business combination fixed assets	6 932	24 229	6 150	-	13 082	24 229
Depreciation of fixed assets	(19 220)	(27 065)	(1 013)	(937)	(20 233)	(28 002)
An impairment loss is recognized in the profit or loss of fixed assets	-	-	(548)	-	(548)	-
The total amount of increase (decrease) due to transfers and other changes in fixed assets						
Increase (decrease) due to other changes in fixed assets	(8 083)	(892)	-	-	(8 083)	(892)
The total amount of increase (decrease) due to transfers and other changes in fixed assets	(8 083)	(892)	-	-	(8 083)	(892)
Total amount of increase (decrease) in fixed assets	**(20 371)**	**(3 728)**	**4 589**	**(937)**	**(15 782)**	**(4 665)**
Fixed assets at the end of the period	**18 881**	**39 252**	**15 275**	**10 686**	**34 156**	**49 938**

continuance

	Fixed assets					
	Is subject of operating lease		Not subject of operating lease			Total
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period
Disclosure of detailed information about fixed assets						
Reconciliation of changes in fixed assets						
Fixed assets at the beginning of the period	**39 252**	**42 98**	**37 425**	**31 378**	**76 677**	**74 358**

Changes in fixed assets						
Increase except as a result of business combination fixed assets	6 932	24 229	7 788	18 648	14 72	42 877
Depreciation of fixed assets	(19 220)	(27 065)	(9 975)	(12 284)	(29 195)	(39 349)
An impairment loss is recognized in the profit or loss of fixed assets	-	-	(616)	-	(616)	-
Capital investments for the completion of fixed assets and improvements	-	-	62	-	62	-
Increase (decrease) due to transfers and other changes in fixed assets						
Increase (decrease) due to other changes in fixed assets	(8 083)	(892)	-	-	(8 083)	(892)
The total amount of increase (decrease) due to transfers and other changes in fixed assets	(8 083)	(892)	-	-	(8 083)	(892)
Disposal and decommissioning of fixed assets						
Disposal of fixed assets	-	-	(7 114)	(317)	(7 114)	(317)
The total amount of disposal and disposal of fixed assets	-	-	**(7 114)**	**(317)**	**(7 114)**	**(317)**
Total amount of increase (decrease) in fixed assets	**(20 371)**	**(3 728)**	**(9 855)**	**6 047**	**(30 226)**	**2 319**
Fixed assets at the end of the period	**18 881**	**39 252**	**27 57**	**37 425**	**46 451**	**76 677**

As of the reporting date:
- The Bank did not have fixed assets and intangible assets in respect of which there are restrictions on ownership, use and disposal provided by law.
- The Bank did not have fixed assets pledged as collateral.
- The Bank had no fixed assets that are temporarily not in use (conservation, reconstruction, etc.).
- The Bank had no decommissioned fixed assets for sale
- During the reporting period, the Bank recorded losses from impairment of non-current assets in the amount of 616 thousand UAH.

9. Intangible assets

	Computer software							
	Gross book value		Accumulated depreciation of tangible and intangible assets		Accumulated impairment		Gross book value	
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period
Reconciliation of changes in intangible assets with the exception of goodwill								
Intangible assets with the exception of goodwill at the beginning of the period	**41 816**	**30 770**	**(10 634)**	**(6 079)**	**-**	**-**	**31 182**	**24 691**
Changes in intangible assets excluding goodwill								
Gain other than as a result of business combination intangible assets with the exception of goodwill	260	11 046	-	-	-	-	260	11 046
Amortization of intangible assets with the exception of goodwill	-	-	(5 272)	(4 555)	-	-	(5 272)	(4 555)
The total amount of increase (decrease) in intangible assets excluding goodwill	**260**	**11 046**	**(5 272)**	**(4 555)**			**(5 012)**	**6 491**
Intangible assets excluding goodwill at the end of the period	**42 076**	**41 816**	**(15 906)**	**(10 634)**			**26 170**	**31 182**

continuation

	Licenses and franchises							
	Gross book value		Accumulated depreciation of tangible and intangible assets		Accumulated impairment		Gross book value	
	Current reporting period	Comparative reporting	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting	Current reporting period	Comparative reporting period

		period				g period		
Reconciliation of changes in intangible assets with the exception of goodwill								
Intangible assets with the exception of goodwill at the beginning of the period	**759**	**110**	**(171)**	**(64)**	**-**	**-**	**588**	**46**
Changes in intangible assets excluding goodwill								
Gain other than as a result of business combination intangible assets with the exception of goodwill	-	649	-	-	-	-	-	649
Amortization of intangible assets with the exception of goodwill	-	-	(228)	(107)	-	-	(228)	(107)
The total amount of increase (decrease) in intangible assets excluding goodwill	**-**	**649**	**(228)**	**(107)**	-	-	**(228)**	**542**
Intangible assets excluding goodwill at the end of the period	**759**	**759**	**(399)**	**(171)**	**-**	**-**	**360**	**588**

continuation

Copyrights, patents and other industrial property rights maintenance and exploitation rights

	Gross book value		Accumulated depreciation of tangible and intangible assets		Accumulated impairment		Gross book value	
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period
Reconciliation of changes in intangible assets with the exception of goodwill								
Intangible assets with the exception of goodwill at the beginning of the period	**277**	**277**	**(269)**	**(240)**	**-**	**-**	**8**	**37**
Changes in intangible assets excluding goodwill								
Gain other than as a result of business combination intangible assets with the exception of goodwill	14	-	-	-	-	-	14	-
Amortization of intangible assets with the exception of goodwill	-	-	(3)	(29)	-	-	(3)	(29)
The total amount of increase (decrease) in intangible assets excluding goodwill	**14**	**-**	**(3)**	**(29)**	-	-	**11**	**(29)**
Intangible assets excluding goodwill at the end of the period	**291**	**277**	**(272)**	**(269)**	**-**	**-**	**19**	**8**

continuation

Intangible assets at the development stage

	Gross book value		Accumulated depreciation of tangible and intangible assets		Accumulated impairment		Gross book value	
	Current	Comparati	Current	Comparative	Current	Compara	Current	Comparative

	reporting period	ve reporting period	reporting period	reporting period	reporting period	tive reportin g period	reporting period	reporting period
Reconciliation of changes in intangible assets with the exception of goodwill								
Intangible assets with the exception of goodwill at the beginning of the period	**1 132**	**2 162**	**-**	**-**	**-**	**-**	**1 132**	**2 162**
Changes in intangible assets excluding goodwill								
Gain other than as a result of business combination intangible assets with the exception of goodwill	-	1 468	-	-	-	-	-	1 468
Disposal and retirement of intangible assets with the exception of goodwill								
Disposal of intangible assets with the exception of goodwill	-	(2 498)	-	-	-	-	-	(2 498)
The total amount of disposal and disposal of intangible assets excluding goodwill	**-**	**(2 498)**	**-**	**-**	**-**	**-**	**-**	**(2 498)**
The total amount of increase (decrease) in intangible assets excluding goodwill	**-**	**(1 030)**	**-**	**-**	**-**	**-**	**-**	**(1 030)**
Intangible assets excluding goodwill at the end of the period	**1 132**	**1 132**	**-**	**-**	**-**	**-**	**1 132**	**1 132**

continuation

Other intangible assets

	Gross book value		Accumulated depreciation of tangible and intangible assets		Accumulated impairment		Gross book value	
	Current reporting period	Comparati ve reporting period	Current reporting period	Comparative reporting period	Current reporting period	Compara tive reportin g period	Current reporting period	Comparative reporting period
Reconciliation of changes in intangible assets with the exception of goodwill								
Intangible assets with the exception of goodwill at the beginning of the period	**748**	**748**	**(650)**	**(620)**	**-**	**-**	**98**	**128**
Changes in intangible assets excluding goodwill								
Amortization of intangible assets with the exception of goodwill	-	-	(30)	(30)	-	-	(30)	(30)
The total amount of increase (decrease) in intangible assets excluding goodwill	**-**	**-**	**(30)**	**(30)**	**-**	**-**	**(30)**	**(30)**
Intangible assets excluding goodwill at the end of the period	**748**	**748**	**(680)**	**(650)**	**-**	**-**	**68**	**98**

continuation

Intangible assets with the exception of goodwill

	Gross book value		Accumulated depreciation of tangible and intangible assets		Accumulated impairment		Gross book value	
	Current reporting period	Comparati ve reporting period	Current reporting period	Comparative reporting period	Current reporting period	Compara tive reportin g period	Current reporting period	Comparative reporting period
Reconciliation of changes in intangible assets with the exception of goodwill								
Intangible assets with the exception of goodwill at the beginning of the period	**44 732**	**34 067**	**(11 724)**	**(7 003)**	**-**	**-**	**33 008**	**27 064**

Changes in intangible assets excluding goodwill								
Gain other than as a result of business combination intangible assets with the exception of goodwill	274	13 163	-	-	-	-	274	13 163
Amortization of intangible assets with the exception of goodwill	-	-	(5 533)	(4 721)	-	-	(5 533)	(4 721)
Disposal and retirement of intangible assets with the exception of goodwill								
Disposal of intangible assets with the exception of goodwill	-	(2 498)	-	-	-	-	-	(2 498)
The total amount of disposal and disposal of intangible assets excluding goodwill	**-**	**(2 498)**	**-**	**-**	**-**	**-**	**-**	**(2 498)**
The total amount of increase (decrease) in intangible assets excluding goodwill	**274**	**10 665**	**(5 533)**	**(4 721)**	**-**	**-**	**(5 259)**	**5 944**
Intangible assets excluding goodwill at the end of the period	**45 006**	**44 732**	**(17 257)**	**(11 724)**	**-**	**-**	**27 749**	**33 008**

As of the reporting date:
- The bank does not have the value of intangible assets in respect of which there are restrictions on the right of ownership;
- The bank had no created intangible assets;

During the reporting period, the Bank did not reflect losses from impairment of intangible assets.

10. Lease

On the lease commencement date, the Bank recognizes a lease liability at the present value of the lease payments to be made during the lease term. The bank discounts payments for the right to use the underlying asset during the lease term (lease payments), applying the interest rate provided for in the lease agreement. If such a rate is not stipulated in the contract, the Bank determines the rate of the tenant's additional borrowing as the rate on the domestic government borrowing (OVDP) as of the date of recognition of the lease obligation, taking into account the term of such lease.

Right-of-use assets

	At the end of the reporting period	At the beginning of the reporting period
Right-of-use assets that do not meet the definition of investment real estate	18 881	39 252

Description of statement of financial position items that include right-of-use assets
Right-of-use assets are reflected in the article «Fixed assets» of the Statement of Financial Position in the order of liquidity.

Lease obligations

	At the end of the reporting period	At the beginning of the reporting period
Current lease obligations	6 284	2 784
Non-current lease obligations	17 105	38 244
Lease obligations	**23 389**	**41 028**

A description of the statement of financial position items that include lease obligations
Lease obligations are reflected in the article «Other financial obligations» of the Statement of Financial Position in the order of liquidity.

Fixed assets **Assets**

	Land and buildings							
		Buildings						
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period
Disclosure of quantitative information about right-of-use assets								
Depreciation, right-of-use assets	19 220	27 066	19 220	27 066	19 220	27 066	19 220	27 066
Right-of-use assets at the end of the period	18 881	39 252	18 881	39 252	18 881	39 252	18 881	39 252

	Current reporting period	Comparative reporting period
Disclosure of other quantitative information about the lease to the tenant		
Interest expenses on lease obligations	3 676	61 112
Expenses related to short-term rentals to which the recognition exemption applies	905	146
Expenditure related to the lease of low-value assets to which an exemption from recognition has been applied	5 938	144 153
Income from sublease of assets with the right of use	157	136
Disposal of funds under lease agreements	19 534	31 298
Increase in assets from the right of use	6 932	24 194

Disclosure of quantitative information about the lease to the lessor

	Current reporting period	Comparative reporting period
Disclosure of quantitative information about the lease to the lessor		
Income from operating lease	317	7 271

11. Risk management

Financial instruments

According to the nature of the agreement, the Bank classifies a financial instrument or its components as a financial asset, financial liability or equity instrument. The Bank's financial assets include: cash, loans and advances to customers, investments in securities, derivative financial assets and other financial assets. The Bank's financial liabilities include customer funds and other financial liabilities. During the reporting period, the Bank did not conduct transactions with equity instruments.

The nature and level of risks arising from financial instruments

Articles	Cash and cash equivalents	Mortgage	Credits to customers	Loans to corporate entities	Held government debt instruments	Interest rate swap contract	Other receivables for financial assets	Financial instruments, class - Total
Maximum vulnerability to credit risk	1 559 380	22 966	132 146	881 371	580 857	6 735	103 431	3 286 886

Financial assets

	Financial assets at amortized cost		Financial assets at fair value through profit or loss designated on initial recognition or subsequently		Financial assets at fair value through profit or loss, necessarily measured at fair value		Financial assets at fair value through profit or loss		Financial assets measured at fair value through other comprehensive income		Financial assets	
	At the end of the reporting period	At the beginning of the report period	At the end of the reporting period	At the beginning of the report period	At the end of the reporting period	At the beginning of the report period	At the end of the reporting period	At the beginning of the report period	At the end of the reporting period	At the beginning of the report period	At the end of the reporting period	At the beginning of the report period
Cash and cash equivalents	**1 559 380**	**1 308 857**	-	-	-	-	-		-	-	**1 559 380**	**1 308 857**
Loans and advances to customers												
Loans to corporate entities	787 436	860 817	93 935	97 669	-	-	93 935	97 669	-	-	881 371	958 486
Credits to customers	132 146	231 386	-	-	-	-	-	-	-	-	132 146	231 386
Mortgage	22 966	28 994	-	-	-	-	-	-	-	-	22 966	29 414
The total amount of loans and advances to customers	**942 548**	**1 121 617**	**93 935**	**97 669**	-	-	**93 935**	**97 669**	-	-	**1 036 483**	**1 219 286**
Investments in securities												
Held government debt instruments	-	-	-	-	-	-	-	-	580 857	1 047 084	580 857	1 047 084
The total amount of investments in securities	-	-	-	-	-	-	-	-	**580 857**	**1 047 084**	**580 857**	**1 047 084**
Derivative financial assets												
Interest rate swap agreement	-	-	-	-	6 735	2 559	6 735	2 559	-	-	6 735	2 559
The total amount of derivative financial assets	-	-	-	-	**6 735**	**2 559**	**6 735**	**2 559**	-	-	**6 735**	**2 559**
Other financial assets												
Other receivables for financial assets	-	-	103 431	45 026	-	-	103 431	45 026	-	-	103 431	45 026
Total amount of other financial assets	-	-	**103 431**	**45 026**	-	-	**103 431**	**45 026**	-	-	**103 431**	**45 026**
The total amount of financial assets	**2 501 928**	**2 430 474**	**197 366**	**142 695**	**6 735**	**2 559**	**204 101**	**145 254**	**580 857**	**1 047 084**	**3 286 886**	**3 622 812**

Financial liabilities

	Financial liabilities, financial liabilities at amortized cost		Financial liabilities	
	At the end of the reporting period	At the beginning of the report period	At the end of the reporting period	At the beginning of the report period
Customer funds	2 795 653	3 174 731	**2 795 653**	**3 174 731**
Other financial liabilities	38 062	76 628	**38 062**	**76 628**
Total amount of financial liabilities	**2 833 715**	**3 251 359**	**2 833 715**	**3 251 359**

Income, expenses, profit or losses from financial instruments

Profits (losses) from financial instruments

	Current reporting period	Comparative reporting period
Profit (losses) from financial assets at fair value through profit or loss designated on initial recognition or later	99	449
Total amount of profit (loss) from financial assets at fair value through profit or loss	**99**	**449**
Other comprehensive income, before tax, changes in value, financial assets measured at fair value through other comprehensive income	**(12 071)**	**(5 129)**
Profit (losses) from financial assets measured at fair value through other comprehensive income, before tax	(12 060)	(1 497)
Reclassification adjustment of financial assets measured at fair value through other comprehensive income before tax	(11)	(3 632)

Interest income and interest expense on financial assets or financial liabilities not measured at fair value through profit or loss

	Current reporting period	Comparative reporting period
Interest expense on financial liabilities not measured at fair value through profit or loss	188 635	152 591
Interest income from financial assets valued at amortized cost	283 161	281 057
Interest income from financial assets measured at fair value through other comprehensive income	111 152	99 453

Commission income and expenses

	Current reporting period	Comparative reporting period
Commission income arising from financial assets not at fair value through profit or loss	99 825	299 770
Commission expenses arising from financial liabilities not at fair value through profit or loss	18 175	20 969

Profit (loss) arising from derecognition of financial assets measured at amortized cost

	Current reporting period	Comparative reporting period
Profit arising from derecognition of financial assets measured at amortized cost	99	562
Losses related to derecognition of financial assets valued at amortized cost	-	(113)
Net profit (loss) resulting from derecognition of financial assets measured at amortized cost	**99**	**449**

Reconciliation of changes in the amount of possible losses and explanation of changes in gross book value for financial instruments

Loan liabilities

	12-month expected credit losses						Expected credit losses for the entire term						Types of estimated credit losses					
	Gross book value		Accumulated impairment		Book value		Gross book value		Accumulated impairment		Book value		Gross book value		Accumulated impairment		Book value	
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period
Exposure to credit risk on credit liabilities and financial guarantee contracts at the beginning of the period	626 748	1 177 408	(94)	(169)	626 654	1 177 239	-	-	-	-	-	-	626 748	1 177 408	(94)	(169)	626 654	1 177 239
Increase (decrease) in exposure to credit risk under credit liabilities and financial guarantee contracts																		
Decrease in credit risk exposure due to termination of recognition on credit liabilities and financial guarantee agreements	(339 186)	(944 568)	94	157	(339 092)	(944 411)	-	-	-	-	-	-	(339 186)	(944 568)	94	157	(339 092)	(944 411)
Increased exposure to credit risk under credit liabilities and financial guarantee contracts due to issuance or acquisition	195 737	331 679	(888)	(94)	194 849	331 585	-	-	-	-	-	-	195 737	331 679	(888)	(94)	194 849	331 585
Increase (decrease) due to exchange rate differences and other changes in credit risk exposure under credit liabilities and financial guarantee contracts																		
Increase (decrease) due to other exposure to credit risk under credit liabilities and financial guarantee contracts	42 405	62 229	-	12	42 405	62 241	-	-	-	-	-	-	42 405	62 229	-	12	42 405	62 241
Total increase (decrease) through exchange rate and other changes in credit risk exposure under credit liabilities and financial guarantee contracts	**42 405**	**62 229**	-	**12**	**42 405**	**62 241**	-	-	-	-	-	-	**42 405**	**62 229**	-	**12**	**42 405**	**62 241**
Total increase (decrease) in exposure to credit risk under credit liabilities and financial guarantee contracts	**(101 044)**	**(550 660)**	**(794)**	**75**	**(101 838)**	**(550 585)**	-	-	-	-	-	-	**(101 044)**	**(550 660)**	**(794)**	**75**	**(101 838)**	**(550 585)**
Exposure to credit risk on credit liabilities and end-of-period financial guarantee contracts	**525 704**	**626 748**	**(888)**	**(94)**	**524 816**	**626 654**	-	-	-	-	-	-	**525 704**	**626 748**	**(888)**	**(94)**	**524 816**	**626 654**
Expected credit losses by individual assessment	**525 704**	**626 748**	**(888)**	**(94)**	**524 816**	**626 654**	-	-	-	-	-	-	**525 704**	**626 748**	**(888)**	**(94)**	**524 816**	**626 654**
Expected credit losses by aggregate estimate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Financial Guarantee Agreements

	12-month expected credit losses						Expected credit losses for the entire term						Types of estimated credit losses					
	Gross book value		Accumulated impairment		Book value		Gross book value		Accumulated impairment		Book value		Gross book value		Accumulated impairment		Book value	
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period
Exposure to credit risk on credit liabilities and financial guarantee contracts at the beginning of the period	2 156 004	1 953 656	(4 512)	(4 292)	2 151 492	1 949 364	-	-	-	-	-	-	2 156 004	1 953 656	(4 512)	(4 292)	2 151 492	1 949 364
Increase (decrease) in exposure to credit risk under credit liabilities and financial guarantee contracts																		
Decrease in credit risk exposure due to termination of recognition on credit liabilities and financial guarantee agreements	(1 721 507)	(1 525 049)	3 617	3 497	(1 717 890)	(1 521 552)	-	-	-	-	-	-	(1 721 507)	(1 525 049)	3 617	3 497	(1 717 890)	(1 521 552)
Increased exposure to credit risk under credit liabilities and financial guarantee contracts due to issuance or acquisition	557 016	1 691 849	(1 177)	(3 518)	555 839	1 688 331	-	-	-	-	-	-	557 016	1 691 849	(1 177)	(3 518)	555 839	1 688 331
Increase (decrease) due to exchange rate differences and other changes in credit risk exposure under credit liabilities and financial guarantee contracts																		
Increase (decrease) due to other exposure to credit risk under credit liabilities and financial guarantee contracts	(47 240)	35 548	162	(199)	(47 078)	35 349	-	-	-	-	-	-	(47 240)	35 548	162	(199)	(47 078)	35 349
Total increase (decrease) through exchange rate and other changes in credit risk exposure under credit liabilities and financial guarantee contracts	**(47 240)**	**35 548**	**162**	**(199)**	**(47 078)**	**35 349**	-	-	-	-	-	-	**(47 240)**	**35 548**	**162**	**(199)**	**(47 078)**	**35 349**
Total increase (decrease) in exposure to credit risk under credit liabilities and financial guarantee contracts	**(1 211 731)**	**202 348**	**2 602**	**(220)**	**(1 209 129)**	**202 128**	-	-	-	-	-	-	**(1 211 731)**	**202 348**	**2 602**	**(220)**	**(1 209 129)**	**202 128**
Exposure to credit risk on credit liabilities and end-of-period financial guarantee contracts	**944 273**	**2 156 004**	**(1 910)**	**(4 512)**	**942 363**	**2 151 492**	-	-	-	-	-	-	**944 273**	**2 156 004**	**(1 910)**	**(4 512)**	**942 363**	**2 151 492**
Expected credit losses by individual assessment	**944 273**	**2 156 004**	**(1 910)**	**(4 512)**	**942 363**	**2 151 712**	-	-	-	-	-	-	**944 273**	**2 156 004**	**(1 910)**	**(4 512)**	**942 363**	**2 151 712**
Expected credit losses by aggregate estimate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Cash and cash equivalents, except for monetary funds

	12-month expected credit losses						Expected credit losses for the entire term						Types of estimated credit losses					
	Gross book value		Accumulated impairment		Book value		Gross book value		Accumulated impairment		Book value		Gross book value		Accumulated impairment		Book value	
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period
Disclosure of reconciliation of changes in loss provisions and explanation of changes in gross book value for financial instruments																		
Financial assets at the beginning of the period	**1 312 211**	**676 102**	**(3 353)**	**(1 820)**	**1 308 858**	**674 282**	--	--	--	--	--	--	**1 312 211**	**676 102**	**(3 353)**	**(1 820)**	**1 308 858**	**674 282**
Including financial instruments with an unimpaired credit quality	1 302 733	649 098	(3 192)	(1 102)	1 299 541	647 996	--	--	--	--	--	--	1 302 733	649 098	(3 192)	(1 102)	1 299 541	647 996
Including financial instruments with impaired credit quality	9 478	27 003	(161)	(718)	9 317	26 285	--	--	--	--	--	--	9 478	27 003	(161)	(718)	9 317	26 285
Increase (decrease) in financial assets																		
Decrease due to derecognition of financial assets	(932 002)	(526 799)	(27)	(285)	931 975	526 514	--	--	--	--	--	--	932 002	526 799	(27)	(285)	931 975	526 514
Increase through issuance or acquisition of financial assets	1 385 122	930 256	(52)	-	1 385 070	930 256	--	--	--	--	--	--	1 385 122	930 256	(52)	-	1 385 070	930 256
Increase (decrease) through exchange rate and other changes in financial assets																		
Increase (decrease) through other actions financial assets	(204 206)	232 652	1 633	(1 818)	(202 573)	230 834	--	--	--	--	--	--	(204 206)	232 652	1 633	(1 818)	(202 573)	230 834
Total increase (decrease) through exchange rate and other changes in financial assets	**(204 206)**	**232 652**	**1 633**	**(1 818)**	**(202 573)**	**230 834**	--	--	--	--	--	--	**(204 206)**	**232 652**	**1 633**	**(1 818)**	**(202 573)**	**230 834**
Total increase (decrease) in financial assets	**248 914**	**636 109**	**1 608**	**(1 533)**	**250 522**	**634 576**	--	--	--	--	--	--	**248 914**	**636 109**	**1 608**	**-1 533**	**250 522**	**634 576**
Financial assets at the end of the period	**1 561 125**	**1 312 211**	**(1 745)**	**(3 353)**	**1 559 380**	**1 308 858**	--	--	--	--	--	--	**1 561 125**	**1 312 211**	**(1 745)**	**(3 353)**	**1 559 380**	**1 308 858**
Including financial instruments with an unimpaired credit quality	1 545 986	1 302 733	(1 402)	(3 192)	1 544 584	1 299 541	--	--	--	--	--	--	1 545 986	1 302 733	(1 402)	(3 192)	1 544 584	1 299 541
Including financial instruments with impaired credit quality	15 137	9 478	(343)	(161)	14 794	9 317	--	--	--	--	--	--	15 137	9 478	(343)	(161)	14 794	9 317
Expected credit losses based on individual assessment	1 561 125	1 312 211	(1 745)	(3 353)	1 559 380	1 308 858	--	--	--	--	--	--	1 561 125	1 312 211	(1 745)	(3 353)	1 559 380	1 308 857
Expected credit losses based on aggregate assessment	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Mortgage

	12-month expected credit losses						Expected credit losses for the entire term						Types of estimated credit losses					
	Gross book value		Accumulated impairment		Book value		Gross book value		Accumulated impairment		Book value		Gross book value		Accumulated impairment		Book value	
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period
Disclosure of reconciliation of changes in loss provisions and explanation of changes in gross book value for financial instruments																		
Financial assets at the beginning of the period	**28 444**	**37 217**	**(784)**	**(969)**	**27 660**	**36 248**	**4 928**	**6 395**	**(3 174)**	**(4 149)**	**1 754**	**2 246**	**33 372**	**43 612**	**(3 958)**	**(5 118)**	**29 414**	**38 494**
Including financial instruments with an unimpaired credit quality	7 943	1 942	(5)	-	7 938	1 942	-	-	-	-	-	-	7 943	1 942	(5)	-	7 938	1 942
Including financial instruments with impaired credit quality	20 501	35 275	(779)	(969)	19 722	34 306	4 928	6 395	(3 174)	(4 149)	1 754	2 246	25 429	41 670	(3 953)	(5 118)	21 476	36 552
Increase (decrease) in financial assets																		
Decrease due to derecognition of financial assets	(1 849)	(13 834)	20	42	(1 829)	(13 792)	(1 074)	(3 781)	823	1 892	(251)	(1 889)	(2 923)	(17 615)	843	1 934	(2 080)	(15 681)
Increase through issuance or acquisition of financial assets	-	11 346	-	(22)	-	11 324	-	-	-	-	-	-	-	11 346		(22)	-	11 324
Decrease due to write-off of financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to transfer between stages	(3 466)	(2 062)	10	29	(3 456)	(2 033)	3 978	1 886	(1 909)	(383)	2 069	1 503	512	(176)	(1 899)	(354)	(1 387)	(530)
Increase (decrease) through exchange rate and other changes in financial assets																		
Increase (decrease) through other actions financial assets	(2 352)	(4 223)	(114)	136	(2 466)	(4 087)	490	428	(1 005)	(534)	(515)	(106)	(1 862)	(3 795)	(1 119)	(398)	(2 981)	(4 193)
Total increase (decrease) through exchange rate and other changes in financial assets	**(2 352)**	**(4 223)**	**(114)**	**136**	**(2 466)**	**(4 087)**	**490**	**428**	**(1 005)**	**(534)**	**(515)**	**(106)**	**(1 862)**	**(3 795)**	**(1 119)**	**(398)**	**(2 981)**	**(4 193)**
Total increase (decrease) in financial assets	**(7 667)**	**(8 773)**	**(84)**	**185**	**(7 751)**	**(8 588)**	**3 394**	**(1 467)**	**(2 091)**	**975**	**1 303**	**(492)**	**(4 273)**	**(10 240)**	**(2 175)**	**1 160**	**(6 448)**	**(9 080)**
Financial assets at the end of the period	**20 777**	**28 444**	**(868)**	**(784)**	**19 909**	**27 660**	**8 322**	**4 928**	**(5 265)**	**(3 174)**	**3 057**	**1 754**	**29 099**	**33 372**	**(6 133)**	**(3 958)**	**22 966**	**29 414**
Including financial instruments with an unimpaired credit quality	6 925	7 943	(11)	(5)	6 914	7 938	-	-	-	-	-	-	6 925	7 943	(11)	(5)	6 914	7 938
Including financial instruments with impaired credit quality	13 852	20 501	(857)	(779)	12 993	19 722	8 322	4 928	(5 265)	(3 174)	3 057	1 754	22 174	25 429	(6 122)	(3 953)	16 052	21 476
Expected credit losses based on individual assessment	20 777	28 444	(868)	(784)	19 909	27 660	8 322	4 928	(5 265)	(3 174)	3 057	1 754	29 099	33 372	(6 133)	(3 958)	22 966	29 414
Expected credit losses based on aggregate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

assessment

Loans to customers

	12-month expected credit losses						Expected credit losses for the entire term						Types of estimated credit losses					
	Gross book value		Accumulated impairment		Book value		Gross book value		Accumulated impairment		Book value		Gross book value		Accumulated impairment		Book value	
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period
Disclosure of reconciliation of changes in loss provisions and explanation of changes in gross book value for financial instruments																		
Financial assets at the beginning of the period	**219 814**	**297 651**	**(7 171)**	**(10 640)**	**212 643**	**287 011**	**113 527**	**88 191**	**(94 784)**	**(68 252)**	**18 743**	**19 939**	**333 341**	**385 842**	**(101 955)**	**(78 892)**	**231 386**	**306 950**
Including financial instruments with an unimpaired credit quality	90 480	107 316	(1 847)	(2 828)	88 633	104 488	1 226	-	(945)	-	281	-	91 706	107 316	(2 792)	(2 828)	88 914	104 488
Including financial instruments with impaired credit quality	129 334	190 335	(5 324)	(7 812)	124 010	182 523	112 301	88 191	(93 839)	(68 252)	18 462	19 939	241 635	278 526	(99 162)	(76 064)	142 473	202 462
Increase (decrease) in financial assets																		
Decrease due to derecognition of financial assets	(58 220)	(89 884)	4 661	3 231	(53 559)	(86 653)	(7 272)	(15 251)	3 572	12 304	(3 700)	(2 947)	(65 492)	(105 135)	8 233	15 535	(57 259)	(89 600)
Increase through issuance or acquisition of financial assets	16 739	87 122	(151)	1 276	16 588	85 846	5 413	1 825	(3 915)	(1 658)	1 498	167	22 152	88 947	(4 066)	(2 934)	18 086	86 013
Decrease due to write-off of financial assets	-	-	-	-	-	-	(41 976)	(10 810)	41 976	10 810	-	-	(41 976)	(10 810)	41 976	10 810	-	-
Increase (decrease) due to transfer between stages	(60 056)	(45 552)	1 088	2 793	(58 968)	(42 759)	62 514	41 590	(38 142)	(29 528)	24 372	12 062	2 458	(3 962)	(37 054)	(26 735)	(34 596)	(30 697)
Increase (decrease) through exchange rate and other changes in financial assets																		
Increase (decrease) through other actions financial assets	(17 974)	(29 523)	(611)	(1 279)	(18 585)	(30 802)	8 155	7 982	(15 041)	(18 460)	(6 886)	(10 478)	(9 819)	(21 541)	(15 652)	(19 739)	(25 471)	(41 280)
Total increase (decrease) through exchange rate and other changes in financial assets	**(17 974)**	**(29 523)**	**(611)**	**(1 279)**	**(18 585)**	**(30 802)**	**8 155**	**7 982**	**(15 041)**	**(18 460)**	**(6 886)**	**(10 478)**	**(9 819)**	**(21 541)**	**(15 652)**	**(19 739)**	**(25 471)**	**(41 280)**
Total increase (decrease) in financial assets	**(119 511)**	**(77 837)**	**4 987**	**3 469**	**(114 524)**	**(74 368)**	**26 834**	**25 336**	**(11 550)**	**(26 532)**	**15 284**	**(1 196)**	**(92 677)**	**(52 501)**	**(6 563)**	**(23 063)**	**(99 240)**	**(75 564)**
Financial assets at the end of the period	**100 303**	**219 814**	**(2 184)**	**(7 171)**	**98 119**	**212 643**	**140 361**	**113 527**	**(106 334)**	**(94 784)**	**34 027**	**18 743**	**240 664**	**333 341**	**(108 518)**	**(101 955)**	**132 146**	**231 386**
Including financial instruments with an unimpaired credit quality	26 758	90 480	(586)	(1 847)	26 172	88 633	658	1 226	(497)	(945)	161	281	27 416	91 706	(1 083)	(2 792)	26 333	88 914
Including financial instruments with impaired credit quality	73 545	129 334	(1 598)	(5 323)	71 947	124 011	139 703	112 301	(105 837)	(93 839)	33 866	18 462	213 248	241 635	(107 435)	(99 162)	105 813	142 473
Expected credit losses based on individual assessment	**84 505**	**164 840**	**(1 525)**	**(5 111)**	**82 980**	**159 729**	**84 304**	**42 354**	**(50 986)**	**(31 105)**	**33 318**	**11 249**	**168 809**	**207 194**	**(52 511)**	**(36 216)**	**116 298**	**170 978**
Expected credit losses	**15 798**	**54 974**	**(659)**	**(2 059)**	**15 139**	**52 915**	**56 057**	**71 174**	**(55 348)**	**(63 679)**	**709**	**7 495**	**71 855**	**126 147**	**(56 007)**	**(65 739)**	**15 848**	**60 408**

based on aggregate assessment

Loans to corporate entities

	12-month expected credit losses						Expected credit losses for the entire term						Types of estimated credit losses					
	Gross book value		Accumulated impairment		Book value		Gross book value		Accumulated impairment		Book value		Gross book value		**Accumulated impairment**		**Book value**	
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period
Disclosure of reconciliation of changes in loss provisions and explanation of changes in gross book value for financial instruments																		
Financial assets at the beginning of the period	**767 433**	**800 966**	**(60 143)**	**(28 736)**	**707 290**	**772 230**	**431 764**	**783 220**	**(180 568)**	**(437 448)**	**251 196**	**345 772**	**1 199 197**	**1 584 186**	**(240 711)**	**(466 184)**	**958 486**	**1 118 002**
Including financial instruments with an unimpaired credit quality	87 223	6 684	(1 470)	(59)	85 753	6 625	-	-	-	-	-	-	87 223	6 684	(1 470)	(59)	85 753	6 625
Including financial instruments with impaired credit quality	680 210	794 282	(58 673)	(28 677)	621 537	765 605	431 764	783 220	(180 568)	(437 448)	251 196	345 772	1 111 974	1 577 502	(239 241)	(466 125)	872 733	1 111 377
Increase (decrease) in financial assets																		
Decrease due to derecognition of financial assets	(320 860)	(702 027)	37 986	22 709	(282 874)	(679 318)	(59 024)	(192 616)	(494)	93 498	(59 518)	(99 118)	(379 884)	(894 643)	37 492	116 207	(342 392)	(778 436)
Increase through issuance or acquisition of financial assets	256 209	660 962	(4 620)	(53 055)	251 589	607 907	70 821	102 040	(7 887)	(3 429)	62 934	98 611	327 030	763 002	(12 507)	(56 484)	314 523	706 518
Decrease due to write-off of financial assets	-	-	-	-	-	-	(29 942)	(184 737)	29 942	184 737	-	-	(29 942)	(184 737)	29 942	184 737	-	-
Increase (decrease) due to transfer between stages	(150 921)	23 161	7 776	1 386	(143 145)	24 547	164 753	(34 245)	(54 834)	(11 702)	109 919	(45 947)	13 832	(11 084)	(47 058)	(10 316)	(33 226)	(21 400)
Increase (decrease) through exchange rate and other changes in financial assets																		
Increase (decrease) through exchange differences financial assets	-	-	-	-	-	-	-	-	(4 757)	(451)	(4 757)	(451)	-	-	(4 757)	(451)	(4 757)	(451)
Increase (decrease) through other actions financial assets	13 688	(15 629)	(6 397)	(2 447)	7 291	(18 076)	20 341	(41 898)	(38 895)	(5 773)	(18 554)	(47 671)	34 029	(57 527)	(45 292)	(8 220)	(11 263)	(65 747)
Total increase (decrease) through exchange rate and other changes in financial assets	**13 688**	**(15 629)**	**(6 397)**	**(2 447)**	**7 291**	**(18 076)**	**20 341**	**(41 898)**	**(43 652)**	**(6 224)**	**(23 311)**	**(48 122)**	**34 029**	**(57 527)**	**(50 049)**	**(8 671)**	**(16 020)**	**(66 198)**
Total increase (decrease) in financial assets	**(201 884)**	**(33 533)**	**34 745**	**(31 407)**	**(167 139)**	**(64 940)**	**166 949**	**(351 456)**	**(76 925)**	**256 880**	**90 024**	**(94 576)**	**(34 935)**	**(384 989)**	**(42 180)**	**225 473**	**(77 115)**	**(159 516)**

Financial assets at the end of the period	**565 549**	**767 433**	**(25 398)**	**(60 143)**	**540 151**	**707 290**	**598 713**	**431 764**	**(257 493)**	**(180 568)**	**341 220**	**251 196**	**1 164 262**	**1 199 197**	**(282 891)**	**(240 711)**	**881 371**	**958 486**
Including financial instruments with an unimpaired credit quality	89 318	87 223	(1 159)	(1 470)	88 159	85 753	-	-	-	-	-	-	89 318	87 223	(1 159)	(1 470)	88 159	85 753
Including financial instruments with impaired credit quality	476 231	680 210	(24 239)	(58 673)	451 992	621 537	598 713	431 764	(257 493)	(180 568)	341 220	251 196	1 074 944	1 111 974	(281 732)	(239 241)	793 212	872 733
Expected credit losses based on individual assessment	**565 549**	**767 433**	**(25 398)**	**(60 143)**	**540 151**	**707 290**	**598 713**	**431 764**	**(257 493)**	**(180 568)**	**341 220**	**251 196**	**1 164 262**	**1 199 197**	**(282 891)**	**(240 711)**	**881 371**	**958 486**
Expected credit losses based on aggregate assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Held government debt instruments

	12-month expected credit losses						Expected credit losses for the entire term						Types of estimated credit losses					
	Gross book value		Accumulated impairment		Book value		Gross book value		Accumulated impairment		Book value		Gross book value		Accumulated impairment		Book value	
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period
Disclosure of reconciliation of changes in loss provisions and explanation of changes in gross book value for financial instruments																		
Financial assets at the beginning of the period	**1 048 805**	**890 957**	**(1 722)**	**(1 948)**	**1 047 083**	**889 009**	-	-	-	-	-	-	**1 048 805**	**890 957**	**(1 722)**	**(1 948)**	**1 047 083**	**889 009**
Including financial instruments with an unimpaired credit quality	1 048 805	890 958	(1 722)	(1 948)	1 047 084	889 01	-	-	-	-	-	-	1 048 806	890 958	(1 722)	(1 948)	1 047 084	889 01
Including financial instruments with impaired credit quality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in financial assets																		
Decrease due to derecognition of financial assets	(580 293)	(547 354)	379	241	(579 914)	(547 113)	-	-	-	-	-	-	(580 2930	(547 354)	379	241	(579 914)	(547 113)
Increase through issuance or acquisition of financial assets	124 217	714 544	(1 711)	(483)	122 506	714 061	-	-	-	-	-	-	124 217	714 544	(1 7011)	(483)	122 506	714 061
Increase (decrease) through exchange rate and other changes in financial assets																		
Increase (decrease) through exchange differences financial assets	-	(4 731)	-	-	-	(4 731)	-	-	-	-	-	-	-	(4 731)	-	-	-	(4 731)
Increase (decrease) through other actions financial assets	984	(4 611)	(9 802)	468	(8 818)	(4 143)	-	-	-	-	-	-	984	(4 611)	(9 802)	468	(8 818)	(4 143)
Total increase (decrease) through exchange rate and other changes in financial assets	**984**	**(9 342)**	**(9 802)**	**468**	**(8 818)**	**(8 874)**	-	-	-	-	-	-	**984**	**(9 342)**	**(9 802)**	**468**	**(8 818)**	**(8 874)**
Total increase (decrease) in financial assets	**(455 092)**	**157 848**	**(11 134)**	**226**	**(466 226)**	**158 074**	-	-	-	-	-	-	**(455 092)**	**157 848**	**(11 134)**	**226**	**(466 226)**	**158 074**
Financial assets at the end of the period	**593 713**	**1 048 805**	**(12 856)**	**(1 722)**	**580 857**	**1 047 083**	-	-	-	-	-	-	**593 713**	**1 048 805**	**(12 856)**	**(1 722)**	**580 857**	**1 047 083**
Including financial instruments with an unimpaired credit quality	593 713	1 048 805	(12 856)	(1 722)	580 857	1 047 083	-	-	-	-	-	-	593 713	1 048 805	(12 856)	(1 722)	580 857	1 047 083
Expected credit losses based on individual assessment	**593 713**	**1 048 805**	**(12 856)**	**(1 722)**	**580 857**	**1 047 083**	-	-	-	-	-	-	**593 713**	**1 048 805**	**(12 856)**	**(1 722)**	**580 857**	**1 047 083**

	Other held debt instruments																	
	12-month expected credit losses						Expected credit losses for the entire term						Types of estimated credit losses					
	Gross book value		Accumulated impairment		Book value		Gross book value		Accumulated impairment		Book value		Gross book value		Accumulated impairment		Book value	
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period
Disclosure of reconciliation of changes in loss provisions and explanation of changes in gross book value for financial instruments																		
Financial assets at the beginning of the period	**2 559**	**1 047**	-	-	**2 559**	**1 047**	-	-	-	-	-	-	**2 559**	**1 047**	-	-	**2 559**	**1 047**
Including financial instruments with an unimpaired credit quality	2 559	1 047	-	-	2 559	1 047	-	-	-	-	-	-	2 559	1 047	-	-	2 559	1 047
Including financial instruments with impaired credit quality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in financial assets																		
Decrease due to derecognition of financial assets	(2 559)	(1 047)	-	-	(2 559)	(1 047)	-	-	-	-	-	-	(2 559)	(1 047)	-	-	(2 559)	(1 047)
Increase through issuance or acquisition of financial assets	6 735	2 559	-	-	6 735	2 559	-	-	-	-	-	-	6 735	2 559	-	-	6 735	2 559
Total increase (decrease) in financial assets	**4 176**	**1 512**	-	-	**4 176**	**1 512**	-	-	-	-	-	-	**4 176**	**1 512**	-	-	**4 176**	**1 512**
Financial assets at the end of the period	**6 735**	**2 559**	-	-	**6 735**	**2 559**	-	-	-	-	-	-	**6 735**	**2 559**	-	-	**6 735**	**2 559**
Including financial instruments with an unimpaired credit quality	6 735	2 559	-	-	6 735	2 559	-	-	-	-	-	-	6 735	2 559	-	-	6 735	2 559
Including financial instruments with impaired credit quality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Expected credit losses based on individual assessment	**6 735**	**2 559**	-	-	**6 735**	**2 559**	-	-	-	-	-	-	**6 735**	**2 559**	-	-	**6 735**	**2 559**
Expected credit losses based on aggregate assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Other held debt instruments

	12-month expected credit losses						Expected credit losses for the entire term						Types of estimated credit losses					
	Gross book value		Accumulated impairment		Book value		Gross book value		Accumulated impairment		Book value		Gross book value		Accumulated impairment		Book value	
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period
Disclosure of reconciliation of changes in loss provisions and explanation of changes in gross book value for financial instruments																		
Financial assets at the beginning of the period	62 369	441 049	(17 343)	(41 584)	45 026	399 465	24 078	-	(24 078)	-	-	-	86 447	441 049	(41 421)	(41 584)	45 026	399 465
Including financial instruments with an unimpaired credit quality	50 379	405 486	(17 164)	(25 564)	33 215	379 922	-	-	-	-	-	-	50 379	405 486	(17 164)	(25 564)	33 215	379 922
Including financial instruments with impaired credit quality	11 99	35 563	(179)	(16 020)	11 811	19 543	24 078	-	(24 078)	-	-	-	36 068	35 563	(24 257)	(16 020)	11 811	19 543
Increase (decrease) in financial assets																		
Decrease due to derecognition of financial assets	(33 986)	(363 050)	15 557	13 140	(18 429)	(349 910)	(584)	-	584	-	-	-	(34 570)	(363 050)	16 141	13 140	(18 429)	(349 910)
Increase through issuance or acquisition of financial assets	79 476	9 082	(6 630)	(3 097)	72 846	5 985	436	11 556	(436)	(11 556)	-	-	79 912	20 638	(7 066)	(14 653)	72 846	5 985
Decrease due to write-off of financial assets	-	176	-	(176)	-	-	8 445	-	(8 445)	-	-	-	8 445	176	(8 445)	(176)	-	-
Increase (decrease) due to transfer between stages	(2 265)	(12 524)	1 133	12 406	(1 132)	(118)	2 098	12 522	(2 098)	(12 522)	-	-	(167)	(2)	(965)	(116)	(1 132)	(118)
Increase (decrease) through exchange rate and other changes in financial assets																		
Increase (decrease) through other actions financial assets	5 034	(12 012)	86	1 616	5 120	(10 396)	(45)	-	45	-	-	-	4 989	(12 012)	131	1 616	5 120	(10 396)
Total increase (decrease) through exchange rate and other changes in financial assets	**5 034**	**(12 012)**	**86**	**1 616**	**5 120**	**(10 396)**	(45)	-	45	-	-	-	**4 989**	**(12 012)**	**131**	**1 616**	**5 120**	**(10 396)**
Total increase (decrease) in financial assets	**48 259**	**(378 680)**	**10 146**	**24 241**	**58 405**	**(354 439)**	**(6 540)**	**24 078**	**6 540**	**(24 078)**	-	-	**41 764**	**(354 602)**	**16 641**	**163**	**58 405**	**(354 439)**
Financial assets at the end of the period	**110 628**	**62 369**	**(7 197)**	**(17 343)**	**103 431**	**45 026**	**17 538**	**24 078**	**(17 538)**	**(24 078)**	-	-	**128 166**	**86 447**	**(24 734)**	**(41 421)**	**103 432**	**45 026**
Including financial instruments with an unimpaired credit quality	97 083	50 379	(6 987)	(17 164)	90 096	33 215	-	-	-	-	-	-	97 083	50 379	(6 987)	(17 164)	90 096	33 215
Including financial instruments with impaired credit quality	13 545	11 990	(210)	(179)	13 335	11 811	17 538	24 078	(17 538)	(24 078)	-	-	31 083	36 068	(17 747)	(24 257)	13 336	11 811
Expected credit losses based on individual assessment	**99 274**	**53 318**	**(7 197)**	**(17 343)**	**92 078**	**35 976**	**17 538**	**24 078**	**(17 538)**	**(24 078)**	-	-	**116 812**	**77 396**	**(24 734)**	**(41 421)**	**92 078**	**35 976**
Expected credit losses based on aggregate assessment	**11 354**	**9 050**	-	-	**11 354**	**9 050**	-	-	-	-	-	-	**11 354**	**9 050**	-	-	**11 354**	**9 050**

Financial instruments class

	12-month expected credit losses						Expected credit losses for the entire term						Types of estimated credit losses					
	Gross book value		Accumulated impairment		Book value		Gross book value		Accumulated impairment		Book value		Gross book value		Accumulated impairment		Book value	
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period
Disclosure of reconciliation of changes in loss provisions and explanation of changes in gross book value for financial instruments																		
Financial assets at the beginning of the period	**3 441 635**	**3 144 989**	**(90 516)**	**(85 697)**	**3 351 119**	**3 059 292**	**574 297**	**877 806**	**(302 604)**	**(509 849)**	**271 693**	**367 957**	**4 015 932**	**4 022 795**	**(393 120)**	**(595 546)**	**3 622 812**	**3 427 249**
Including financial instruments with an unimpaired credit quality	2 590 123	2 062 531	(25 400)	(31 501)	2 564 723	2 031 030	1 226	-	(945)	-	281	-	2 591 349	2 062 531	(26 345)	(31 501)	2 565 004	2 031 030
Including financial instruments with impaired credit quality	851 513	1 082 458	(65 115)	(53 227)	786 398	1 029 231	573 071	877 806	(301 659)	(509 849)	271 412	367 957	1 424 584	1 960 264	(366 774)	(563 076)	1 057 810	1 397 188
Increase (decrease) in financial assets																		
Decrease due to derecognition of financial assets	(1 929 769)	(2 243 995)	58 630	39 648	(1 871 139)	(2 204 347)	(76 399)	(211 648)	12 930	107 694	(63 469)	(103 954)	(2 006 168)	(2 455 643)	71 560	147 342	(1 934 608)	(2 308 301)
Increase through issuance or acquisition of financial assets	1 868 495	2 415 871	(13 161)	(57 933)	1 855 334	2 357 938	76 670	115 421	(12 238)	(16 643)	64 432	98 778	1 945 165	2 531 292	(25 399)	(74 576)	1 919 766	2 456 716
Decrease due to write-off of financial assets	-	176	-	(176)	-	-	71 918	195 547	(71 918)	(195 547)	-	-	71 918	195 723	(71 918)	(195 723)	-	-
Increase (decrease) due to transfer between stages	(216 708)	(36 977)	10 007	16 614	(206 701)	(20 363)	233 343	21 753	(96 983)	(54 135)	136 360	(32 382)	16 635	(15 224)	(86 976)	(37 521)	(70 341)	(52 745)
Increase (decrease) through exchange rate and other changes in financial assets																		
Increase (decrease) through exchange differences financial assets	-	(4 731)	-	-	-	(4 731)	-	-	(4 757)	(451)	(4 757)	(451)	-	(4 731)	(4 757)	(451)	(4 757)	(5 182)
Increase (decrease) through other actions financial assets	(204 826)	166 654	(15 205)	(3 324)	(220 031)	163 330	28 986	(33 488)	(54 941)	(24 767)	(25 955)	(58 255)	(175 840)	133 166	(70 146)	(28 091)	(245 986)	105 075
Total increase (decrease) through exchange rate and other changes in financial assets	**(204 826)**	**161 923**	**(15 205)**	**(3 324)**	**(220 031)**	**158 599**	**28 986**	**(33 488)**	**(59 698)**	**(25 218)**	**(30 712)**	**(58 706)**	**(175 840)**	**128 435**	**(74 903)**	**(28 542)**	**(250 743)**	**99 893**
Total increase (decrease) in financial assets	**(482 808)**	**296 646**	**40 271**	**(4 819)**	**(442 537)**	**291 827**	**190 682**	**-303 509**	**(84 071)**	**207 245**	**106 611**	**(96 264)**	**(292 126)**	**(6 863)**	**(43 800)**	**202 426**	**(335 926)**	**195 563**
Financial assets at the end of the period	**2 958 827**	**3 441 635**	**(50 245)**	**(90 516)**	**2 908 582**	**3 351 119**	**764 979**	**574 297**	**(386 675)**	**(302 604)**	**378 304**	**271 693**	**3 723 806**	**4 015 932**	**(436 920)**	**(393 120)**	**3 286 886**	**3 622 812**
Including financial instruments with an unimpaired credit quality	2 366 515	2 590 123	(21 596)	(25 400)	2 344 919	2 564 723	658	1 226	(497)	(945)	161	281	2 367 173	2 591 349	(22 093)	(26 345)	2 345 080	2 565 004
Including financial	592 312	851 512	(27 249)	(65 116)	565 063	786 398	764 278	573 071	(386 133)	(301 659)	378 145	271 412	1 356 589	1 424 584	(413 381)	(366 774)	943 208	1 057 810

instruments with impaired credit quality																		
Exposure to credit risk on credit liabilities and financial guarantee contracts at the beginning of the period	2 782 752	3 131 064	(4 606)	(4 461)	2 778 146	3 126 603	-	-	-	-	-	-	2 782 752	3 131 064	(4 606)	(4 461)	2 778 146	3 126 603
Increase (decrease) in exposure to credit risk under credit liabilities and financial guarantee contracts																		
Decrease in credit risk exposure due to termination of recognition on credit liabilities and financial guarantee agreements	(2 060 693)	(2 469 617)	3 711	3 654	(2 056 982)	(2 465 963)	-	-	-	-	-	-	(2 060 693)	(2 469 617)	3 711	3 654	(2 056 982)	(2 465 963)
Increased exposure to credit risk under credit liabilities and financial guarantee contracts due to issuance or acquisition	752 753	2 023 528	(2 065)	(3 612)	750 688	2 019 916	-	-	-	-	-	-	752 753	2 023 528	(2 065)	(3 612)	750 688	2 019 916
Increase (decrease) due to exchange rate differences and other changes in credit risk exposure under credit liabilities and financial guarantee contracts																		
Increase (decrease) due to other exposure to credit risk under credit liabilities and financial guarantee contracts	(4 835)	97 777	162	(187)	(4 673)	97 590	-	-	-	-	-	-	(4 835)	97 777	162	(187)	(4 673)	97 590
Total increase (decrease) through exchange rate and other changes in credit risk exposure under credit liabilities and financial guarantee contracts	**(4 835)**	**97 777**	**162**	**(187)**	**(4 673)**	**97 590**	-	-	-	-	-	-	**(4 835)**	**97 777**	**162**	**(187)**	**(4 673)**	**97 590**
Total increase (decrease) in exposure to credit risk under credit liabilities and financial guarantee contracts	**(1 312 775)**	**(348 312)**	**1 808**	**(145)**	**(1 310 967)**	**(348 457)**	-		-	-	-	-	**(1 312 775)**	**(348 312)**	**1 808**	**(145)**	**(1 310 967)**	**(348 457)**
Exposure to credit risk on credit liabilities and end-of-period financial guarantee contracts	1 469 977	2 782 752	(2 798)	(4 606)	1 467 179	2 778 146	-	-	-	-	-	-	1 469 977	2 782 752	(2 798)	(4 606)	1 467 179	2 778 146
Expected credit losses based on individual assessment	**3 801 206**	**6 160 363**	**(39 529)**	**(92 841)**	**3 761 677**	**6 067 522**	**598 712**	**503 123**	**(257 492)**	**(238 924)**	**341 220**	**264 199**	**4 399 918**	**6 663 486**	**(297 021)**	**(331 765)**	**4 102 897**	**6 331 721**
Expected credit losses based on aggregate assessment	**27 152**	**64 024**	**(659)**	**(2 059)**	**26 493**	**61 965**	-	**71 174**	-	**(63 679)**	-	**7 495**	**27 152**	**135 198**	**(659)**	**(65 738)**	**26 493**	**69 460**

Credit ratings

The total amount of the business entity in relation to internal credit ratings

Classes of financial assets	Amount of credit risk 1		Amount of credit risk 2		Amount of credit risk 3		Amount of credit risk 4		Amount of credit risk 5	
	At the end of the reporting period	At the beginning of the reporting period	At the end of the reporting period	At the beginning of the reporting period	At the end of the reporting period	At the beginning of the reporting period	At the end of the reporting period	At the beginning of the reporting period	At the end of the reporting period	At the beginning of the reporting period
Financial assets total	**2 225 030**	**2 489 578**	**69 850**	**71 249**	**230 588**	**199 944**	**146 987**	**208 647**	**80 712**	**100 372**
Financial assets at amortized cost	***1 756 087***	***1 515 362***	***69 850***	***71 249***	***111 938***	***124 517***	***146 987***	***208 647***	***80 712***	***100 372***
Cash and cash equivalents, except monetary funds	1 544 584	1 299 541	14 795	8 951	-		-	365	-	-
Mortgage	6 915	7 938	-	-	1 980	4 365	-	-	-	-
Loans to customers	26 333	88 914	-	-	20 689	17 938	-	-	-	-
Loans to corporate entities	88 159	85 754	41 767	50 486	89 222	102 214	146 987	208 282	80 712	100 372
Other financial assets at amortized cost	90 096	33 215	13 288	11 812	47	-	-	-	-	-
Other receivables for financial assets	*90 096*	*33 215*	*13 288*	*11 812*	*47*	-	-	-	-	-
Financial assets at fair value	***468 943***	***974 216***	-	-	***118 650***	***75 427***	-	-	-	-
Debt securities	462 208	971 657	-	-	118 650	75 427	-	-	-	-
Held government debt instruments	462 208	971 657	-	-	118 650	75 427	-	-	-	-
Other financial assets at fair value	6 735	2 559	-	-	-	-	-	-	-	-
Other receivables for financial assets	*6 735*	*2 559*	-	-	-	-	-	-	-	-

continuation

Classes of financial assets	Amount of credit risk 6		Amount of credit risk 7		Amount of credit risk 8		Amount of credit risk 9		Amount of credit risk 10	
	At the end of the reporting period	At the beginning of the reporting period	At the end of the reporting period	At the beginning of the reporting period	At the end of the reporting period	At the beginning of the reporting period	At the end of the reporting period	At the beginning of the reporting period	At the end of the reporting period	At the beginning of the reporting period
Financial assets total	***56 137***	***1 019 820***	***502***		***10 704***	***11 342***	***87 059***	***94 383***	***379 320***	***304 022***
Financial assets at amortized cost	***56 137***	***45 604***	***502***		***10 704***	***11 342***	***87 059***	***94 383***	***285 385***	***304 022***
Cash and cash equivalents, except monetary funds	-	-	-	-	-	-	-	-	-	-
Mortgage	4 325	4 583							9 748	12 528
Loans to customers	14 835	35 700			10 222	11 050			60 068	77 784
Loans to corporate entities	36 977	5 321	502		482	292	87 059	94 383	215 569	213 710
Financial assets at fair value	-	-	-	-	-	-	-	-	***93 935***	-
Loans to corporate entities		-	-	-	-	-	-	-	93 935	-
Debt securities	-	-	-	-	-	-	-	-	-	-
Held government debt instruments	-	-	-	-	-	-	-	-	-	-
Other financial assets at fair value	-	-	-	-	-	-	-	-	-	-
Other receivables for financial assets	-	-	-	-	-	-	-	-	-	-

Values of credit risk

Credit risk is the existing or potential risk to income and capital arising from the failure of the obligor to meet the terms of any financial agreement with the bank or otherwise fulfill the obligations assumed.

Credit risk is present in all activities of the Bank, where the result depends on the activity of the counterparty, issuer or borrower. It arises every time the Bank provides funds, undertakes to provide them, invests funds or otherwise risks them in accordance with the terms of real or conceptual agreements, regardless of where the transaction is reflected - on the balance sheet or off the balance sheet. The Bank assesses the credit risk of an asset both on an individual and group basis. The source of credit risk on an individual basis is a separate counterparty of the Bank - borrower, debtor, issuer of securities. The assessment of credit risk on an individual basis involves an assessment of the creditworthiness of such a separate counterparty, that is, its individual ability to settle the accepted obligations in a timely manner and in full. Credit risk on a group basis is realized in a decrease in the value of the Bank's assets (other than as a result of changes in the market interest rate). The source of portfolio credit risk is the aggregate indebtedness to the Bank for operations that are subject to credit risk (loan portfolio, portfolio of securities, portfolio of receivables for financial assets, etc.). The assessment of portfolio credit risk involves an assessment of the concentration and diversification of the Bank's assets.

Credit risk management principles

The lending process must be based on compliance with the basic lending principles and credit risk analysis. This is a necessary condition for determining and minimizing the risk of loan default. The requirements and form of the credit analysis may vary depending on the type of counterparty and the complexity of the deal structure. Careful analysis is a key factor in making an informed credit decision.

The minimum credit analysis of legal entities should include:

- studying the purpose and necessity of lending;
- the legal status of the counterparty and its role in the group;
- studying information about the management of the company, its owners (their business reputation);
- analysis of the counterparty's business activity;
- assessment of the company's financial activity and cash flow for the crediting period, which will be generated by the company/group;
- credit history and reputation of the debtor;
- determination of the existing financial position and liquidity;
- analysis of market factors;
- assessment of security (if available);
- other significant factors.

The minimum credit analysis of individuals should include:

- studying the purposes of lending (in accordance with the conditions of the product standard);
- assessment of income and expenses of the borrower and financial guarantors (if available);
- the ratio of the total debt obligations of the borrower and financial guarantors (if available) to the total income;
- verification of the above-mentioned data for individual clients whose questionnaire data require additional study;
- analysis of the borrower's employment;
- assessment of security (if available);
- analysis of the Borrower's credit history according to information received from the Credit History Bureau;
- other significant factors.

According to the agreements on the interbank market, an analysis of the financial condition of counterparty banks is carried out based on a complex of qualitative and quantitative factors, which allows to assess both the condition of the counterparty in a separate period and in dynamics, and to make assumptions about the future financial condition.

Key risk factors should be identified and assessed taking into account the solvency and creditworthiness of the borrower and guarantors, ability to generate sufficient cash flow, liquidity, and capital adequacy to mitigate potential risks.

Sufficient disclosure by the client is also important in the analysis. In the event that, for any reason, the client cannot provide the Bank with adequate information for conducting an appropriate analysis, the risk caused by the lack of information should be identified and measures to reduce it should be proposed before making a credit decision.

When conducting a loan analysis, the structure of the loan agreement should be taken into account. High-quality structuring of a credit transaction can reduce the overall risk level of a transaction with a weak counterparty.

When conducting complex credit operations (for example, project lending to legal entities), the loan is usually closely correlated with the amount of collateral and obligations that limit the borrower's actions to reduce the risk of the transaction, and the risk is also reduced due to the guarantees of the project owners.

The principle of credit risk management:

- limitation of concentration on one borrower (group of borrowers);
- limiting the industry concentration of the portfolio of legal entities;
- restrictions on credit terms;
- determination of the target areas of lending in terms of geographic regions (or limitation of geographic concentration);
- limiting the concentration of the credit portfolio by products for the retail credit portfolio;
- other product restrictions.

The principle of credit administration

Credit administration functions ensure proper credit support, support of business units and risk management units throughout the entire life cycle of the loan.

The principle of constant monitoring of credit risks

The purpose of credit risk monitoring is to control the quality of the credit portfolio with the help of timely identification (manually or automatically) of risk factors, negative symptoms or loss events that may affect the creditworthiness of debtors. To ensure, upon detection of negative signs, the adoption of all necessary measures to solve them and minimize credit risks.

Monitoring processes consist of three directions:

- daily monitoring;
- periodic monitoring activity;
- portfolio monitoring.

The principle of early detection and prevention of problem debt

The Bank approves provisions and procedures for monitoring and early warning of problem debt, which defines the approaches, methods, participants and their responsibilities in monitoring the detection, prevention and management of future problems related to the borrower's ability to service debt.

Values of credit risk - Internal credit ratings

For the disclosure of information based on internal credit ratings, the value of credit risk is distributed/grouped by the class of the financial condition of the debtor/counterparty of the Bank as of December 31, 2022:

	Amount
Financial assets	
Value of credit risk 1	2 225 029
Value of credit risk 2	69 851
Value of credit risk 3	230 588
Value of credit risk 4	146 987
Value of credit risk 5	80 712
Value of credit risk 6	56 136
Value of credit risk 7	502
Value of credit risk 8	10 704
Value of credit risk 9	87 059
Value of credit risk 10	379 319
Exposure to credit risk under credit liabilities and financial guarantee contracts	
Value of credit risk 1	1 184 047
Value of credit risk 2	123 435
Value of credit risk 3	35 219
Value of credit risk 4	11 731
Value of credit risk 5	55 049
Value of credit risk 9	24 425
Value of credit risk 10	83 843

Value of credit risk - Types of assessment of expected credit losses

	12-month expected credit losses		Expected credit losses for the entire period of validity		Total	
	At the end of the reporting period	At the beginning of the reporting year	At the end of the reporting period	At the beginning of the reporting year	At the end of the reporting period	At the beginning of the reporting year
Financial assets						
Value of credit risk 1	2 224 869	2 489 296	159	281	2 225 028	2 489 577
Value of credit risk 2	69 851	71 250	-	-	69 851	71 250
Value of credit risk 3	230 588	199 940	-	97 672	230 588	297 612
Value of credit risk 4	146 987	188 443	-	20 204	146 987	208 647
Value of credit risk 5	42 713	99 680	37 999	692	80 712	100 372
Value of credit risk 6	55 911	43 762	225	1 842	56 136	45 604
Value of credit risk 7	-	-	502		502	-
Value of credit risk 8	7 986	10 164	2 717	1 178	10 703	11 342
Value of credit risk 9	87 059	84 252	-	10 131	87 059	94 383
Value of credit risk 10	42 619	164 332	336 700	139 693	379 319	304 025
Exposure to credit risk under credit liabilities and financial guarantee contracts						
Value of credit risk 1	1 184 047	2 405 034	-	-	1 184 047	2 405 034
Value of credit risk 2	123 435	24 037	-	-	123 435	24 037
Value of credit risk 3	35 219	99 825	-	-	35 219	99 825
Value of credit risk 4	11 731	19 470	-	-	11 731	19 470
Value of credit risk 5	55 049	82 884	-	-	55 049	82 884
Value of credit risk 6	-	2	-	-	-	2
Value of credit risk 9	24 425	118 685	-	-	24 425	118 685
Value of credit risk 10	83 843	78 399	-	-	83 843	78 399

Value of credit risk - Methods of estimating expected credit losses

	Financial instruments are not credit impaired		Financial instruments are credit-impaired after acquisition or creation		Financial instruments are credit impaired		Total depreciation	
	At the end of the reporting period	At the beginning of the reporting year	At the end of the reporting period	At the beginning of the reporting year	At the end of the reporting period	At the beginning of the reporting year	At the end of the reporting period	At the beginning of the reporting year
Financial assets								
Value of credit risk 1	741 042	1 069 996	1 483 986	1 419 581	1 483 986	1 419 581	2 225 028	2 489 577
Value of credit risk 2	69 851	71 250	-	-	-	-	69 851	71 250

Value of credit risk 3	111 938	143 795	118 650	153 817	118 650	153 817	230 588	297 612
Value of credit risk 4	146 987	188 443	-	20 204	-	20 204	146 987	208 647
Value of credit risk 5	80 712	100 372	-	-	-	-	80 712	100 372
Value of credit risk 6	56 136	45 604	-	-	-	-	56 136	45 604
Value of credit risk 7	502	-	-	-	-	-	502	-
Value of credit risk 8	10 703	11 342	-	-	-	-	10 703	11 342
Value of credit risk 9	87 059	84 252	-	10 131	-	10 131	87 059	94 383
Value of credit risk 10	285 384	303 837	93 935	188	93 935	188	379 319	304 025
Exposure to credit risk under credit liabilities and financial guarantee contracts								
Value of credit risk 1	591 530	1 616 832	592 517	788 202	592 517	788 202	1 184 047	2 405 034
Value of credit risk 2	123 435	24 037	-	-	-	-	123 435	24 037
Value of credit risk 3	35 219	26 029	-	73 796	-	73 796	35 219	99 825
Value of credit risk 4	11 731	11 970	-	7 500	-	7 500	11 731	19 470
Value of credit risk 5	54 364	82 004	685	880	685	880	55 049	82 884
Value of credit risk 6	-	2	-	-	-	-	-	2
Value of credit risk 9	16 849	60 806	7 576	57 879	7 576	57 879	24 425	118 685
Value of credit risk 10	83 452	61 568	391	16 831	391	16 831	83 843	78 399

Value of credit risk - Book value, impairment and gross book value

Items	Gross book value		Accumulated impairment		Book value	
	At the end of the reporting period	At the beginning of the reporting year	At the end of the reporting period	At the beginning of the reporting year	At the end of the reporting period	At the beginning of the reporting year
Financial assets						
Value of credit risk 1	2 248 523	2 515 804	(23 495)	(26 227)	2 225 028	2 489 577
Value of credit risk 2	89 131	96 945	(19 280)	(25 695)	69 851	71 250
Value of credit risk 3	233 426	303 116	(2 838)	(5 504)	230 588	297 612
Value of credit risk 4	149 050	211 231	(2 063)	(2 584)	146 987	208 647
Value of credit risk 5	82 064	105 007	(1 352)	(4 635)	80 712	100 372
Value of credit risk 6	57 903	48 314	(1 767)	(2 710)	56 136	45 604
Value of credit risk 7	633	-	(131)	-	502	-
Value of credit risk 8	12 255	12 788	(1 552)	(1 446)	10 703	11 342
Value of credit risk 9	92 935	100 111	(5 876)	(5 728)	87 059	94 383
Value of credit risk 10	757 839	623 399	(378 520)	(319 374)	379 319	304 025
Exposure to credit risk under credit liabilities and financial guarantee contracts						
Value of credit risk 1	1 185 375	2 408 941	(1 328)	(3 907)	1 184 047	2 405 034
Value of credit risk 2	124 060	24 128	(625)	(91)	123 435	24 037
Value of credit risk 3	35 500	99 897	(281)	(72)	35 219	99 825
Value of credit risk 4	12 000	19 526	(269)	(56)	11 731	19 470
Value of credit risk 5	55 148	83 069	(99)	(185)	55 049	82 884
Value of credit risk 6	-	3	-	(1)	-	2
Value of credit risk 9	24 459	118 828	(34)	(143)	24 425	118 685
Value of credit risk 10	84 005	78 551	(162)	(152)	83 843	78 399

Liquidity risk management that is carried out

Disclosure of information on how the business entity manages liquidity risk

Liquidity risk is the risk of the Bank's inability to timely and fully fulfill its obligations to its customers and counterparties. Minimization of this risk is achieved by balancing the Bank's own structure of assets and liabilities in terms of return/repayment (including in terms of the main currencies in which the Bank conducts operations).

Among the methods used by the Bank in liquidity risk management, the following should be highlighted: GEP analysis and setting limits on the maximum possible liquidity gaps; use of the payment calendar; compliance with liquidity indicators (including mandatory economic standards of the National Bank of Ukraine, the liquidity coverage ratio (LCR) and mandatory reserve requirements); diversification of assets and liabilities; support in the up-to-date state of the plan in case of unforeseen situations; carrying out stress testing of the Bank's liquidity position under various scenarios of the development of financial markets.

Disclosure of analysis of financial assets held for liquidity risk management by maturity.

Maturity periods are determined from the reporting date to the maturity date according to the contract. Such amounts represent contractual undiscounted cash flows, which differ from the balance sheet amounts because the balance sheet amounts are based on discounted cash flows.

To measure liquidity risk, the Bank defines the following basic assumptions:

- Term transactions, which are included in the calculation of liquidity risk, are accepted with a term that corresponds to the contractual term of repayment (fulfillment) of assets (liabilities). This assumption is based on the absence of statistically significant historical data regarding the violation of contractual terms by the Bank and counterparties (borrowers, counterparty banks).
- In certain cases, the Bank's investments in government securities can be assessed as assets with a maturity of up to 1 day (in some cases up to 7 days), given their highly liquid nature.
- Assumptions regarding the quality of loan servicing (early repayment or late repayment of loans by legal entities and individuals) during a specific liquidity crisis, the behavior of clients' funds on accounts with an unspecified expiration date and/or the possibility of early termination of contracts are based on the Bank's own statistics or expert opinion.
- Assumptions for evaluating the use by customers of the right to receive funds within the framework of lending obligations provided by the Bank are based on specific conditions regarding the relevant contracts - for legal entities, these funds are unconditionally revocable and their outflow is regulated by the Bank, the amount of use of open obligations to individuals is estimated taking into account the historical credit conversion ratio.

- Other assumptions based on the Bank's statistics and expert judgments.

The financial assets in the table are shown at book value, i.e., discounted cash flows.

Repayment terms	Cash and cash equivalents		Loans and advances to customers		Investments in securities		Derivative financial assets		Other financial assets	
	At the end of the reporting period	At the beginning of the reporting year	At the end of the reporting period	At the beginning of the reporting year	At the end of the reporting period	At the beginning of the reporting year	At the end of the reporting period	At the beginning of the reporting year	At the end of the reporting period	At the beginning of the reporting year
Not more than one year	1 681 999	1 501 448	527 581	683 786	525 486	591 862	6 735	-	93 880	40 971
Not more than three months	1 681 999	1 501 448	365 320	302 147	151 834	238 365	-	-	88 178	40 971
Not more than one month	1 681 999	1 501 448	111 408	160 057	-	125 951	-	-	88 081	40 933
More than one month and not more than three months	-	-	253 912	142 090	151 834	112 414	-	-	97	38
More than three months and not more than one year	-	-	162 261	381 639	373 652	353 497	6 735	-	5 702	-
More than three months and not more than six months	-	-	43 231	191 314	229 897	38 669	-	-	169	-
More than six months and not more than one year	-	-	119 030	190 325	143 755	314 828	6 735	-	5 533	-
More than one year	-	-	508 902	535 500	55 371	455 222	-	2 559	9 552	4 055
More than one year and not more than five years	-	-	388 113	364 632	55 371	455 222	-	2 559	9 552	4 055
More than one year and not more than three years	-	-	322 329	275 433	55 371	455 222	-	2 559	9 552	4 055
More than one year and not more than two years	-	-	182 125	213 523	55 371	425 106	-	-	9 552	4 055
More than two years and no more than three years	-	-	140 204	61 910		30 116		2 559		
More than three years and not more than five years	-	-	65 784	89 199						
More than three years and not more than four years	-	-	34 469	54 169						
More than four years and not more than five years	-	-	31 315	35 030						
More than five years	-	-	120 789	170 868						
More than five years and no more than ten years	-	-	113 822	158 473						
More than five years and no more than seven years	-	-	70 450	77 832						
More than seven years and no more than ten years	-	-	43 372	80 641						
More than ten years	-	-	6 967	12 395						
More than ten years and not more than fifteen years	-	-	5 995	9 773						
More than fifteen years and not more than twenty years	-	-	972	2 622						
Total financial assets	1 681 999	1 501 448	1 036 483	1 219 286	580 857	1 047 084	6 735	2 559	103 432	45 026

Analysis of sensitivity

Management principles of interest rate risk for banking book

IRRBB is a significant risk for the Bank, which must be subject to mandatory identification, measurement, monitoring and control.

The Bank's Supervisory Board is responsible for creating a comprehensive, adequate, effective IRRBB management system and for compliance of the risk profile with the Bank's approved risk appetite for IRRBB. The Bank ensures an adequate approach to the organization of IRRBB management, including regular independent analysis, evaluation and reporting to the Supervisory Board on the effectiveness of the system.

The Bank's risk appetite for IRRBB is formed from the point of view of both economic value and profit. The Bank implements a limit policy aimed at supporting positions under the IRRBB in accordance with the risk appetite approved by the Bank's Supervisory Board.

The measurement of the Bank's IRRBB is based on the results of the assessment of both the economic value of capital and profit, by applying a wide and appropriate list of scenarios regarding the shock value of interest rate changes in crisis conditions.

When measuring IRRBB, the Bank applies key behavioral and modeling assumptions that are fully understood, conceptually sound and documented. Such assumptions must be carefully checked and brought into line with the Bank's Strategy.

The measurement systems and models used for the Bank's IRRBB are developed on accurate data and accompanied by proper documentation, testing and control to guarantee the accuracy of calculations.

The results of IRRBB measurement and hedging strategy at the appropriate levels of aggregation (by consolidation and currency level) must be regularly reported to the Bank's Supervisory Board and the Management Board.

Information on IRRBB susceptibility levels and IRRBB measurement and control practices should be regularly disclosed to interested parties

	Fixed interest rate		On all types of rates	
	At the end of the reporting period	At the beginning of the reporting year	At the end of the reporting period	At the beginning of the reporting year
Disclosure of information about financial instruments by type of interest rate				
Financial assets	3 486 173	3 714 039	3 486 173	3,714,039
Financial liabilities	2 726 425	1 994 895	2,726,425	1,994,895

A description of the methods and assumptions used in the preparation of the sensitivity analysis

The main methods of sensitivity risk assessment are GAP analysis and scenario risk modeling. The Bank assesses the interest rate risk based on the basic scenario of a parallel shift of the yield curve in the direction of an increase/decrease in interest rates. As of December 31, 2022, the assessment of susceptibility to interest rate risk, the realization of which can affect net interest income in the time horizon of one year, shows a possible decrease of it by 0.97 million hryvnias with a 2% increase in interest rates.

Stress testing of interest rate risk involves the calculation of the change in net interest income in the event of an increase or decrease in interest rates by 400 and 500 basis points for all instruments in national and foreign currencies for the scenario of changing rates for terms up to six months and for the scenario of changing rates for all terms. The worst result of the decrease in net interest income was calculated for the scenario of the same growth rate of rates for all terms by 500 bp. - 2.4 million UAH. According to the results of stress testing of the interest rate risk of the banking book, the capital standards were not violated and the relevant indicators of risk appetite and limits were observed, which indicates a low level of interest risk of the banking book.

The Bank assesses the above level of interest rate risk as acceptable and controllable, the amount of which will not significantly affect the stability of the Bank's financial condition. The Bank's Assets and Liabilities Management Committee set the Bank's interest rate level. Control of the effectiveness of operations with interest instruments is carried out every month.

12. Decrease in the usefulness of assets

Disclosure of information on impairment of assets

Disclosure of information on impairment of assets

Diminution in utility is the loss of economic benefit in the amount of excess of the residual value of the asset over the amount of expected compensation.

the following signs may indicate a decrease in the usefulness of assets, in particular:

- a decrease in the market value of the asset during the reporting period by a significantly greater amount than expected;
- obsolescence or physical damage to the asset;
- significant negative changes in the technological, market, economic or legal environment in which the enterprise operates, which occurred during the reporting period or are expected in the near future;
- significant changes in the way the asset is used during the reporting period or such expected changes in the next period that negatively affect the company's activities.

Disclosure of impairment loss and reversal of impairment loss.

At each reporting date, the Bank determines whether non-financial assets have signs of impairment.

During the reporting year, the Bank's Management Board made a decision to write down the fixed assets of the Kherson regional branch in the amount of UAH 616,000, which is 100% of the fixed assets of the Kherson regional branch of the Bank, due to the impossibility of safe access to the branch and the need to inspect the premises branch by the employees of the State Emergency Service of Ukraine and the Explosive Technical Service of the Ministry of Internal Affairs, with the aim of subsequent resumption of work at the Kherson regional branch, and conducting an annual audit as of January 1, 2023. Also, the Bank constantly assesses the impairment of other non-financial assets, taking into account internal and external factors, and determines the cost of compensation of non-financial assets. Recognition of impairment of other non-financial assets during the reporting period is associated with an increase in receivables from the purchase of assets and services.

	Fixed assets		Other assets whose usefulness has decreased		Assets	
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period
Disclosure of impairment loss and reversal of impairment loss						
Impairment loss recognized in profit or loss	616		426		1 042	
Reversal of an impairment loss recognized in profit or loss				3 887		3 887
	Fixed assets		Other assets whose usefulness has decreased			
Description of the item(s) in the statement of comprehensive income that includes the impairment loss recognized in profit or loss	Impairment loss of fixed assets is reflected in the article «Other administrative and operating expenses» of the statement of comprehensive income profit or loss by nature of expenses»		Impairment loss of fixed assets is reflected in the article «Impairment profit and reversal of impairment loss (impairment loss) for non-financial assets» of the statement of comprehensive income profit or loss by nature of expenses»			

13. Estimation of fair value of assets

Disclosure of information on fair value measurement

Fair value is defined by the Bank as the amount for which a financial instrument can be exchanged between knowledgeable and interested participants under normal conditions other than compulsory or liquidation. The best evidence of fair value is the market price of a financial instrument.

Disclosure of information on valuation of assets at fair value

The Bank calculated the fair value of financial instruments based on available market information (if any) and using the appropriate valuation methodology.

For assets with a term of up to one month, the fair value is approximately equal to the book value due to the relatively high urgency of these financial instruments. For longer-term debt of other banks and to other banks, the applied interest rates reflect market rates and, accordingly, the fair value is closer to the balance sheet value.

The book value of available-for-sale securities is an adequate estimate of their fair value. Interest-bearing securities bear interest rates that reflect fair market rates and, accordingly, the fair value approximates the book value of these instruments.

The fair value of the loan portfolio is based on the characteristics of loan servicing and the interest rate of individual loans in each sector of the portfolio. The assessment of provisioning for loan loss coverage is carried out taking into account the risk premium applied to various types of loans based on such factors as: the current situation in the economic sector in which the borrower operates, the financial condition of each borrower and received guarantees. Accordingly, the provision for covering losses on loans is considered as a weighted estimate of possible losses that is required to reflect the impact of credit risk.

Loans are generally granted at market rates and therefore current balances represent a weighted estimate of fair value. Accordingly, the book value calculated as the amortized cost of such instruments is a reasonable approximation of their fair value.

Disclosure of information on the valuation of assets at fair value at the end of the reporting period:

At the end of the reporting period	Debt securities				Derivatives				Land				Buildings				Other assets				Assets-Total			
	Level 1 of the fair value hierarchy	Level 2 of the fair value hierarchy	Level 3 of the fair value hierarchy	All levels of the fair value hierarchy	Level 1 of the fair value hierarchy	Level 2 of the fair value hierarchy	Level 3 of the fair value hierarchy	All levels of the fair value hierarchy	Level 1 of the fair value hierarchy	Level 2 of the fair value hierarchy	Level 3 of the fair value hierarchy	All levels of the fair value hierarchy	Level 1 of the fair value hierarchy	Level 2 of the fair value hierarchy	Level 3 of the fair value hierarchy	All levels of the fair value hierarchy	Level 1 of the fair value hierarchy	Level 2 of the fair value hierarchy	Level 3 of the fair value hierarchy	All levels of the fair value hierarchy	Level 1 of the fair value hierarchy	Level 2 of the fair value hierarchy	Level 3 of the fair value hierarchy	All levels of the fair value hierarchy
Assets	580 857	-	-	580 857	6 735	-	-	6 735	-	87	-	87	-	34 156	-	34 156	-	93 935	942 548	1 036 483	587592	128178	942 548	1 658 318
Including not measured at fair value in the statement of financial position, but for which information about fair value is disclosed	580 857	-	-	580 857	6 735	-	-	6 735	-	87	-	87	-	34 156	-	34 156	-	93 935	942 548	1 036 483	587592	128178	942 548	1 658 318

Disclosure of information on the valuation of assets at fair value at the beginning of the reporting year:

At the end of the reporting period	Debt securities				Derivatives				Land				Buildings				Other assets				Assets-Total			
	Level 1 of the fair value hierarchy	Level 2 of the fair value hierarchy	Level 3 of the fair value hierarchy	All levels of the fair value hierarchy	Level 1 of the fair value hierarchy	Level 2 of the fair value hierarchy	Level 3 of the fair value hierarchy	All levels of the fair value hierarchy	Level 1 of the fair value hierarchy	Level 2 of the fair value hierarchy	Level 3 of the fair value hierarchy	All levels of the fair value hierarchy	Level 1 of the fair value hierarchy	Level 2 of the fair value hierarchy	Level 3 of the fair value hierarchy	All levels of the fair value hierarchy	Level 1 of the fair value hierarchy	Level 2 of the fair value hierarchy	Level 3 of the fair value hierarchy	All levels of the fair value hierarchy	Level 1 of the fair value hierarchy	Level 2 of the fair value hierarchy	Level 3 of the fair value hierarchy	All levels of the fair value hierarchy
Assets	1 047 084	-	-	1 047 084	2 559	-	-	2 559	-	87	-	87	-	49 938	-	49 938	-	97 669	1 121 617	1 219 286	1 049 643	147695	1 121 617	2 318 955
Including not measured at fair value in the statement of financial position, but for which information about fair value is disclosed	1 047 084	-	-	1 047 084	2 559	-	-	2 559	-	87	-	87	-	49 938	-	49 938	-	97 669	1 121 617	1 219 286	1 049 643	147695	1 121 617	2 318 955

Periodic fair value assessments belonging to the 3rd level of the fair value hierarchy for the Current reporting period:

	Current reporting period		Comparative reporting period	
	Other assets	By all classes of assets	Other assets	By all classes of assets
Reconciliation of changes in fair value assessment, assets				
Assets at the beginning of the period	1 121 617	1 121 617	1 463 446	1 463 446
Including not measured at fair value in the statement of financial position, but for which information about fair value is disclosed	1 121 617	1 121 617	1 463 446	1 463 446
Changes in fair value assessment, assets				
Profit (losses) recognized in other comprehensive income, fair value measurement, assets				
Sale, valuation at fair value, assets	(179 069)	(179 069)	(341 829)	(341 829)
Total amount of increase (decrease) in fair value assessment, assets	**(179 069)**	**(179 069)**	**(341 829)**	**(341 829)**
Assets at the end of the period	942 548	942 548	1 121 617	1 121 617
Including not measured at fair value in the statement of financial position, but for which information about fair value is disclosed	942 548	942 548	1 121 617	1 121 617

14. Estimation of the fair value of liabilities

Disclosure of information on valuation of liabilities at fair value

For deposits with a term of up to one month, the fair value is approximately equal to the book value due to the relative short-term nature of these financial instruments. For longer-term deposits, the applied interest rates reflect market rates and, accordingly, the fair value is closer to the balance sheet.

At the end of the reporting period	Liabilities			
	Level 1 of the fair value hierarchy	Level 2 of the fair value hierarchy	Level 3 of the fair value hierarchy	All levels of the fair value hierarchy
Liabilities	-	**2 810 326**	-	**2 810 326**
Including not measured at fair value in the statement of financial position, but for which information about fair value is disclosed	-	2 810 326	-	**2 810 326**

At the beginning of the reporting period	Liabilities			
	Level 1 of the fair value hierarchy	Level 2 of the fair value hierarchy	Level 3 of the fair value hierarchy	All levels of the fair value hierarchy
Liabilities	-	**3 174 731**	-	**3 174 731**
Including not measured at fair value in the statement of financial position, but for which information about fair value is disclosed	-	3 174 731	-	**3 174 731**

15. The impact of changes in exchange rates

Disclosure of information on the impact of changes in exchange rates

Transactions in foreign currency during initial recognition are reflected in the reporting currency by converting the amount in foreign currency using the exchange rate at the beginning of the day of the transaction (the date of recognition of assets, liabilities, equity, income and expenses).

Description of the functional currency

The functional currency in which accounting records are kept and the Bank's financial statements are drawn up is the hryvnia. Balances of funds, which as of the reporting date are accounted for in a currency other than the functional currency, are transferred to the functional currency at the official exchange rates of the hryvnia to foreign currencies.

Description of the submission currency

The reporting currency corresponds to the functional currency, which is the national currency of Ukraine - the hryvnia.

	Current reporting period	Comparative reporting period
Profit (loss) from exchange rate differences		
Profit from exchange rate differences	50,004	5,440
Loss from exchange rate differences	966	4 591
Net profit (loss) from exchange rate differences	49 038	849
Net profit from exchange rate differences	**49 038**	**849**

Exchange rates of different types of currencies	Exchange rate at the beginning of the period	Exchange rate at the end of the period	Average exchange rate
USD	27.278200	36.568600	32.368350
Euro	30.922600	38.951000	33.995389
Swiss franc	29.826900	39.563600	33.881174
Pound	36.839200	44.004800	39.869896
Zloty	6.727700	8.298400	7.275762

16. Related party

Disclosure of information about related parties

In the reporting year, the approach to identifying persons related to the Bank did not change. For the purposes of preparing these financial statements, parties are considered related if they are under common control or if one party controls the other or has the ability to significantly influence the financial and operating decisions of the other party in accordance with IAS 24 «Related Party Disclosures». When considering each possible case of relations with related parties, the essence of these relations is taken into account, and not just the legal form.

In the course of business, banking operations are conducted with major shareholders, senior management personnel, associated persons and other related parties.

These operations include making calculations, providing loans, conducting documentary operations, attracting deposits, and foreign currency operations.

Business entities that exercise joint control or significant influence over the business entity - absent

Subsidiaries – absent

Joint ventures in which the business entity acts as a controlling participant - absent

Other related parties - Other related parties also include natural persons - owners of a significant share in the Bank's capital.

Information on the compensation of senior management personnel

	The amount of remuneration to the leading management personnel	
	Current reporting period	Comparative reporting period
Remuneration to leading management personnel, short-term benefits to employees	16 011	14 211
Remuneration to leading management personnel, severance payments	1 118	-
Remuneration to leading management personnel - Total	**17 129**	**14 211**

	Associated enterprises		Leading management personnel of the business entity or the parent enterprise		Other related parties		Related parties - Total	
	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period	Current reporting period	Comparative reporting period
Disclosure of information about transactions between related parties								
Description of related party transactions	Providing loans, attracting deposits, servicing current accounts and providing bank guarantees		Attracting deposits, maintenance of current accounts and provision of bank guarantees, payments to employees		Providing loans, attracting deposits, servicing current accounts and providing bank guarantees			
Related party transactions								
Assets								
Loans and advances to customers	-	545	-	-	63 233	83 302	**63 233**	**83 847**
Total assets	**-**	**545**	**-**	**-**	**63 233**	**83 302**	**63 233**	**83 847**
Liabilities								
Customer funds	238 938	795 254	2 044	3 065	112 548	123 827	**353 530**	**922 146**
Other financial liabilities	-	-		-	9 085	9 085	**9 085**	**9 085**
Total liabilities	**238 938**	**795 254**	**2 044**	**3 065**	**121 633**	**132 912**	**362615**	**931 231**
Income and expenses								
Income from ordinary activities	4 259	8 345	39	26	18 297	18 235	**22 595**	**26 606**
Interest income	50	2 453	-	-	17 434	16 881	**17 484**	**19 334**
Interest income calculated using the effective interest method	*50*	*2 453*			*17 434*	*16 881*	***17 484***	***19 334***
Interest expense	(4 785)	(6 431)	(33)	(133)	(3 845)	(8 734)	**(8 663)**	**(15 298)**
Commission income	4 209	3 145	39	26	863	1 354	**5 111**	**4 525**
Other income	-	2 747	-	-	-	-	**-**	**2 747**
Profit on impairment and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9	(4)	1 581	-	-	20 906	(16 471)	**20 902**	**(14 890)**
Employee benefits costs	-	-	(17 129)	(15 104)	-	-	**(17 129)**	**(15 104)**
Profit (loss) from operating activities	**(530)**	**3 495**	**(17 123)**	**(15 211**	**35 358**	**(6 970)**	**17 705**	**(18 68 6)**

17. Income taxes

	Current reporting period	Comparative reporting period
Significant components of tax expense (income from tax refund)		
Current tax expenses (income from tax refund) and adjustments to current tax of previous periods		
Current tax expense (income from tax refund)	1 772	12 616
Adjustment of current tax of previous periods	241	42
Total current tax expense (income from tax refund) and current tax adjustments for prior periods	*2 013*	*12 658*
Total tax expense (income from tax refund)	2 013	12 658
Current and deferred tax related to items recorded directly on equity accounts		
Current tax related to items that are recorded directly on equity credit (debit)	1 772	12 616
Deferred tax related to items posted directly to equity credit (debit)	241	42
Total current and deferred tax related to items recorded directly on equity credit (debit)	***2 013***	***12 658***

	Current reporting period		Comparative reporting period	
	Unused tax losses	Temporary differences, unused tax losses and unused tax benefits	Unused tax losses	Temporary differences, unused tax losses and unused tax benefits
Disclosure of temporary differences, unused tax losses and unused tax benefits				
Deferred tax assets and liabilities				
Deferred tax assets	(251)	(251)	(492)	(492)
Net deferred tax liability (asset)	**(251)**	**(251)**	**(492)**	**(492)**
Reconciliation of changes in deferred tax liability (asset)				
Deferred tax liability (asset) at the beginning of the period	(492)	(492)	(534)	(534)
Changes in deferred tax liability (asset)				
Deferred tax related to items posted directly to equity credit (debit)	241	241	42	42
Total increase (decrease) in deferred tax liability (asset)	**241**	**241**	**42**	**42**
Deferred tax liability (asset) at the end of the period	**(251)**	**(251)**	**(492)**	**(492)**

	Current reporting period	Comparative reporting period
Reconciliation of accounting profit multiplied by applicable tax rates		
Accounting profit	6 395	69 929
Tax expense (income from tax refund) at applicable tax rate	1 151	12 587
Tax impact of tax losses	621	29
Other tax impact on reconciliation of accounting profit with tax expense (income from tax refund)	241	42
Total tax expense (income from tax refund)	**2 013**	**12 658**
Reconciliation of the average effective tax rate and the applicable tax rate		
Accounting profit	6 395	69 929
Applicable tax rate	18.00%	18.00%
Total average effective tax rate	**18.00%**	**18.00%**

18. Earnings per share

	Current reporting period	Comparative reporting period
Profit (loss) attributable to owners of ordinary shares of the parent company		
Profit (loss) from continuing operations attributable to owners of the parent's common stock used to calculate basic earnings per share	4 832	57 271
Profit (loss) attributable to owners of the parent's common stock used to calculate basic earnings per share	**4 832**	**57 271**
The weighted average number of common shares used to calculate basic and diluted earnings per share		
The weighted average number of common shares used to calculate basic earnings per share	500 000	500 000
Basic earnings per share		
Basic earnings (loss) per share from continuing operations	8.76	114.54
Total basic earnings (loss) per share	**8.76**	**114.54**

19. Share capital, reserves and other share of equity

Disclosure of information on share capital, reserves and other additional capital

The authorized capital of the Bank was formed at the expense of shareholders' contributions in cash. All announced shares are paid.

The Bank has no additional shareholders' contributions to the authorized capital as of the reporting date.

The reserve fund is formed in accordance with the requirements of Ukrainian legislation regarding general banking risks.

The Bank did not create other funds that generate aggregate income.

The Bank's capital includes the undistributed profit (loss) of previous years and the result of operations during the reporting period.

Disclosure of information about classes of share capital

During the reporting year, the Bank did not issue additional shares. As of the reporting date, a total of 500 000 ordinary shares were issued, the nominal value of one share is 1 000 UAH. Each ordinary registered share entitles the shareholder to one vote in the resolution of all issues on which decisions are made by the General Meeting of Shareholders.

Ordinary shares give their owners the right to receive a part of the Bank's profit in the form of dividends, to participate in the Bank's management, to receive a part of the Bank's property in the event of its liquidation, and other rights provided for by the Law of Ukraine «On Joint-Stock Companies». Ordinary shares give their owners the same rights.

	Current reporting period		Comparative reporting period	
	Ordinary shares	Preferred shares	Ordinary shares	Preferred shares
Number of shares issued				
Number of shares issued and fully paid	500 000	-	500 000	-
Total number of issued shares	**500 000**	-	**500 000**	-
Nominal value of the share (in hryvnias)	**500 000 000**	-	**500 000 000**	-
Coordination of the number of shares in circulation				
The number of shares in circulation at the beginning of the period	500 000	-	500 000	-
Number of shares in circulation at the end of the period	**500 000**	-	**500 000**	-

20. Operating segments

Disclosure of information about the operating segments of the business entity

For the purposes of reporting, the Bank's operations are divided into the following segments:

Services to corporate clients: this business segment includes maintenance of current accounts of legal entities, attraction of deposits, provision of credit lines in the form of «overdraft», maintenance of card accounts, provision of loans and other types of financing of transactions with foreign currency.

Services to individuals: provision of banking services to private individuals. This segment includes the same types of banking products as the corporate banking segment, as well as services for opening and maintaining accounts and individuals, including accounts for personal use, current and savings accounts, attracting deposits, servicing credit cards for salary projects.

Interbank business: operations on the interbank market, operations with securities issued by the NBU, operations with currency.

Other segments and operations: include operations aimed at ensuring the Bank's activities, fixed assets and intangible assets, deferred tax assets, prepayments and receivables related to the Bank's administrative and economic activities.

Reporting segment 1
Services to corporate clients
Reporting segment 2
Services to individuals
Reporting segment 3
Interbank business
All other segments
Other segments and operations

Current reporting period	Operating segments					The total amount of the business entity in relation to the consolidated segments				
	Reporting segment 1	Reporting segment 2	Reporting segment 3	All other segments	Segments	Reporting segment 1	Reporting segment 2	Reporting segment 3	All other segments	Segments
Disclosure of information about operating segments										
Interest income	141 117	46 713	206 482	-	394 312	141 117	46 713	206 482	-	394 312
Interest expenses	82 917	87 227	14 815	3 676	188 635	82 917	87 227	14 815	3 676	188 635
Commission income	56 326	40 574	2 925	-	99 825	56 326	40 574	2 925	-	99 825
Commission costs	69	14 038	3 817	251	18 175	69	14 038	3 817	251	18 175
Depreciation expenses	-	-	-	34 728	34 728	-	-	-	34 728	34 728
Significant items of income and expenses	(38 726)	(32 292)	89 039	(264 225)	(246 204)	(38 726)	(32 292)	89 039	(264 225)	(246 204)
Tax expenses (tax refund income)	-	-	-	2 013	2 013	-	-	-	2 013	2 013
Other significant non-monetary items	75 732	(46 271)	279 815	(302 881)	6 395	75 732	(46 271)	279 815	(302 881)	6 395
Profit (loss) before tax	75 732	(46 271)	279 815	(304 894)	4 382	75 732	(46 271)	279 815	(304 894)	4 382
Profit (loss) from continuing operations	75 732	(46 271)	279 815	(304 894)	4 382	75 732	(46 271)	279 815	(304 894)	4 382
Assets	895 447	172 603	2 341 672	91 726	3 501 448	895 447	172 603	2 341 672	91 726	3 501 448
Liabilities	1 410 792	1 393 248	-	55 646	2 859 686	1 410 792	1 393 248	-	55 646	2 859 686
Impairment loss recognized in profit or loss	-	--	-	1 042	1 042	-	-	-	1 042	1 042
Net cash flows from operating activities (used in operating activities)	-	-	-	(300 416)	(300 416)	-	-	-	(300 416)	(300 416)
Net cash flows from investing activities (used	-	-	-	438 606	438 606	-	-	-	438 606	438 606

in investing activities)										
Net cash flows from financing activities (used in financing activities)	-	-	-	(16 646)	(16 646)	-	-	-	(16 646)	(16 646)

Comparative reporting period	Operating segments					The total amount of the business entity in relation to the consolidated segments				
	Reporting segment 1	Reporting segment 2	Reporting segment 3	All other segments	Segments	Reporting segment 1	Reporting segment 2	Reporting segment 3	All other segments	Segments
Disclosure of information about operating segments										
Interest income	193 983	71 557	114 970	-	380 510	193 983	71 557	114 970	-	380 510
Interest expenses	64 410	81 731	338	6 112	152 591	64 410	81 731	338	6 112	152 591
Commission income	69 665	225 512	4 593	-	299 770	69 665	225 512	4 593	-	299 770
Commission costs	7	14 327	6 291	343	20 968	7	14 327	6 291	343	20 968
Depreciation expenses	-	-	-	44 070	44 070	-	-	-	44 070	44 070
Significant items of income and expenses	54 499	(4 042)	20 114	(463 292)	(392 721)	54 499	(4 042)	20 114	(463 292)	(392 721)
Tax expenses (tax refund income)	-	-	-	12 658	12 658	-	-	-	12 658	12 658
Profit (loss) before tax	253 729	196 969	133 049	(513 818)	69 929	253 729	196 969	133 049	(513 818)	69 929
Profit (loss) from continuing operations	253 729	196 969	133 049	(526 476)	57 271	253 729	196 969	133 049	(526 476)	57 271
Assets	253 729	196 969	133 049	(526 476)	57 271	253 729	196 969	133 049	(526 476)	57 271
Liabilities	965 056	303 369	2 547 138	124 946	3 940 509	965 056	303 369	2 547 138	124 946	3 940 509
Profit (loss) before tax	1 696 387	1 502 862	6 282	85 527	3 291 058	1 696 387	1 502 862	6 282	85 527	3 291 058
Reversal of impairment loss recognized in profit or loss	-	-	-	3 887	3 887	-	-	-	3 887	3 887
Net cash flows from operating activities (used in operating activities)	-	-	-	735 233	735 233	-	-	-	735 233	735 233
Net cash flows from investing activities (used in investing activities)	-	-	-	(111 488)	(111 488)	-	-	-	(111 488)	(111 488)
Net cash flows from financing activities (used in financing activities)	-	-	-	(26 326)	(26 326)	-	-	-	(26 326)	(26 326)

21. Subsequent events

As of the date of approval prior to the release of the Annual Financial Statements, martial law, introduced on February 24, 2022, in accordance with Law of Ukraine No. 2102-XX «On Approval of the Decree of the President of Ukraine «On Maintaining Martial Law in Ukraine», continues in Ukraine.

Russian troops continue to carry out missile strikes on almost the entire territory of Ukraine, destroying the population, urban infrastructure, and the economy, but currently the Bank has no confirmed facts of the destruction of real estate objects, including those under temporary occupation.

As of March 1, 2023, an inventory of non-current assets and an audit of the cash vault of the Kherson Regional Branch, which was located in the temporarily occupied territory of the russian federation until November 11, 2022, was conducted, and access to it was restored after an examination for the presence of explosive materials. It was found that the cash that was in the cash vault is in full, but there is evidence of the loss of non-current assets of the bank (mainly computer and computing equipment) of the Kherson regional branch at the original cost of 107 thousand UAH (with a residual value of 0 UAH), about which a statement was submitted to law enforcement agencies. Therefore, the Bank made a decision to liquidate the cash reserve in the amount of 107 thousand UAH and writing off the balance sheet of lost non-current assets at a residual value of 0 UAH. Restoring the usefulness of the remaining assets of the Kherson Regional Branch has not yet been carried out in connection with the constant shelling by russian troops of the city of Kherson. The share of assets of the Kherson regional branch in the Bank's total assets is insignificant and amounts to 0.28%.

At the moment, there are assets in the combat zones, there are none in the occupation zone.

Despite the difficult situation, the Bank works in war conditions, ensuring uninterrupted operational activity and fulfilling its obligations to customers. Events that occurred after the balance sheet date did not affect the financial indicators of 2022, and therefore the annual financial statements do not require adjustments.

Approved for release and signed

«20» April 2023 Chairman of the Board Viktoriia Ruda

Chief Accountant Nataliia Butenko

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