

FREE TRANSLATION FROM THE ORIGINAL IN UKRAINIAN

ANNUAL REPORT JSC «BANK AVANGARD» for 2025

including

**MANAGEMENT REPORT including the CORPORATE
GOVERNANCE REPORT**

ANNUAL FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

27 February 2026

Kyiv

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MANAGEMENT REPORT
including the
CORPORATE GOVERNANCE REPORT
JSC «BANK AVANGARD»

for 2025

1. INTRODUCTION.

This Report has been prepared in accordance with the requirements of the applicable legislation of Ukraine, in particular the requirements of the National Bank of Ukraine governing the preparation and publication of financial statements by Ukrainian banks, and the Laws of Ukraine "On Capital Markets and Organised Commodity Markets" and "On Financial Services and Financial Companies", based on the performance results of JOINT STOCK COMPANY "BANK AVANGARD" (hereinafter, the "Bank"). The reporting year is 2025.

2. NATURE OF BUSINESS.

The Bank was registered by the National Bank of Ukraine on 5 July 2013. The Bank conducts banking operations in the money and foreign exchange markets in accordance with the banking licence obtained (the Bank was entered in the State Register of Banks on 5 July 2013 under No. 346; Extract from the State Register of Banks dated 16 August 2021 No. DRB-000069).

The Bank offers its customers a wide range of banking services and products; however, its core activities are focused on the foreign exchange market, the money market and the securities market, conducting transactions both for its own account and on behalf of clients using clients' funds.

2.1 Economic environment in which the Bank operates.

On 24 February 2022, Russian troops launched a full-scale invasion of Ukraine, and active hostilities are still ongoing. In connection with the military aggression of the Russian Federation against Ukraine, the President of Ukraine, pursuant to Presidential Decree No. 64/2022 dated 24 February 2022, imposed martial law in Ukraine, which remains in effect to this day.

Following the introduction of martial law throughout the territory of Ukraine, the National Bank of Ukraine adopted resolutions and imposed temporary restrictions on the operation of the foreign exchange market of Ukraine, exchange rate fixing, cash withdrawal limits, and a moratorium on cross-border payments, among other measures.

At its extraordinary meeting held on 24 February 2022, the National Securities and Stock Market Commission resolved to temporarily suspend transactions in all securities, as well as transactions in the depository accounting system and clearing systems, and to temporarily suspend transactions in the assets of collective investment institutions and non-state pension funds. Certain restrictions are being eased, while new ones are being introduced.

The Bank's analysis of the economic environment is based on a conservative scenario for further developments, reflecting the high level of uncertainty and the key challenges arising from the prolonged martial law in Ukraine. The Bank's management selected this scenario as the base case and considers it reasonable under conditions of significant uncertainty.

According to ICD experts, economic growth will continue to slow, as the challenges facing the economy remain substantial. The energy crisis caused by Russian terrorist attacks on civilian infrastructure disrupts the production cycle of many enterprises and weakens consumer sentiment. At the same time, continued inflows of external financial assistance mean that the foundations of macroeconomic stability will remain sufficiently resilient. The EU's decision to provide Ukraine with a EUR 90 billion loan for 2026–2027 brought significant relief; however, subsequent signals that only one-third of this amount would be allocated to budget support caused some disappointment.

According to ICD experts, external grants and concessional loans should be sufficient to finance the budget deficit this year; however, the adequacy of funding for the following

year remains uncertain. A sharp slowdown in inflation has been one of the most positive trends in recent months, and inflationary pressures are expected to remain weak throughout 2026. Recent signals from the National Bank of Ukraine regarding the future path of the policy rate came as a surprise to experts, who had expected more decisive steps towards monetary easing. In their view, the revised rate path confirms the NBU's intention to gradually weaken the hryvnia. This represents a noticeable departure from last year's approach, when the exchange rate remained effectively fixed for most of the year.

At the end of January, the NBU reduced the policy rate by 50 basis points to 15.0% and significantly revised its further expected path. Instead of six cuts totalling 300 basis points during the year, only two cuts totalling 100 basis points are now expected, with the second cut likely scheduled for April. At the same time, the NBU raised its year-end inflation forecast to 7.5% from the previous level of 6.6%.

The slowdown in inflation, pressure from the Ministry of Finance and the IMF, as well as the possible reduction in external assistance in the future, will likely weaken the NBU's determination to maintain a strong-hryvnia policy.

Annual inflation slowed to 8.0% in December 2025 compared with 9.3% in November 2025 and the peak level of 15.9% in May 2025. Such a sharp slowdown came as something of a surprise: the NBU had forecast 9.2%, while experts' forecast stood at 8.5% at the end of 2025. Monthly inflation in December 2025 amounted to only 0.2%, which is an unusually low level for that month. The slowdown in annual price growth was broad-based, with the most pronounced deceleration observed in communication services, food products and healthcare services. Importantly, prices for hotels and restaurants, which are highly sensitive to cost pressures, slowed by 1 percentage point to 13.5%, the lowest level since December 2024. Only transport service tariffs accelerated.

Record-high external imbalances will remain the key vulnerability of the economy; however, as in previous years, they will be fully offset by external financial assistance. Following the sharp increase last year, the NBU's reserves will remain at record-high levels, although they are unlikely to increase materially further.

The state budget deficit before grants increased to 24.5% of GDP in 2025 compared with 23.9% in 2024. It was almost fully covered by external financing, while borrowing in the domestic market covered only a small portion of the deficit. Elevated defence spending will continue to keep the budget deficit at record-high levels. The IMF programme will include several sensitive tax-related issues, as the Fund will seek assurance that the country will be able to mobilise sufficient domestic resources if defence expenditures increase compared with the current plan.

The Ministry of Finance began lowering yields on domestic government bonds at primary auctions as early as mid-January 2026, before the NBU reduced the policy rate by 50 basis points. The cumulative reduction in yields on longer-term domestic government bonds has already exceeded 50 basis points to date, while the decrease for shorter-term instruments has been less pronounced. Experts expect that the cumulative decline will amount to or exceed 50 basis points for securities of all maturities. The NBU's signal that it is prepared to reduce the policy rate at least once more in the coming months will stimulate price competition among domestic government bond buyers. The Ministry of Finance will seek to ensure that the transmission of the change in the policy rate to domestic government bond yields is at least one-to-one. This approach differs from the practice during the period of rate increases, when the transmission coefficient amounted to half of the increase in the policy rate.

Positive trends were observed in the financial account, which was close to zero excluding concessional loans from partners. The most favourable development was the reduction in the increase in cash foreign currency outside banks (USD 8.1 billion in 2025 compared with USD 15.5 billion in 2024), as household demand for foreign currency declined due to the stability of the hryvnia. Official concessional loans reached record levels last year and generated a financial account surplus of USD 44.4 billion. Excluding official loans, the financial account is expected to remain close to zero due to strict restrictions on cross-border capital movement and only very gradual steps by the NBU towards foreign exchange liberalisation. However, the planned official loans will again ensure a substantial surplus.

The NBU maintained the exchange rate within a very narrow corridor for most of 2025, however subsequently allowed it to cross UAH 42/USD in December 2025 and UAH 43/USD in January 2026. The exchange rate increase in January 2026 was very close to the trends observed in January of the previous year, but it is now of much greater significance. A number of preconditions have now emerged for the NBU to allow some weakening of the hryvnia, despite the complete absence of any substantial appetite for devaluation:

- inflation has slowed much more sharply than forecast, creating room for some imported inflation;
- the growth in external imbalances is difficult to ignore, even though the NBU continues to insist that they are caused solely by the war and that the problem of external imbalances should not be addressed at present;
- a higher hryvnia exchange rate against the US dollar and the euro would enable the Ministry of Finance to convert external financial assistance into higher hryvnia equivalent amounts, a preference repeatedly voiced by the Ministry of Finance;
- confirmed external assistance for 2027 currently remains insufficient under a prolonged war scenario, which may prompt the NBU to place greater focus on reserve preservation;
- according to media reports, the IMF has increased pressure on the NBU to encourage it to allow some weakening of the hryvnia.

Taking this combination of factors into account, experts have slightly worsened their exchange rate forecast to UAH 45/USD at the end of the year compared with the previous forecast of UAH 44.3/USD.

For the banking system, two interrelated vectors are decisive: the consistent monetary policy of the National Bank of Ukraine aimed at inflation and exchange rate targeting, and the heightened risk profile of assets caused by military aggression.

Labour shortages gradually eased, but remained high, supporting wage growth in both nominal and real terms. The number of migrants abroad continued to increase due to the persisting difficult security situation.

The NBU's policy remains decisive for the financial market, focusing on maintaining macro-financial stability.

Policy rate and cost of funding: Amid heightened pro-inflationary risks, in particular those associated with the consequences of the war and uncertainty regarding the parameters of further international financing, the NBU kept the policy rate at 15.5% in December 2025, which supports the high cost of funding attracted by the Bank. The expected easing of monetary policy (a reduction in the rate to 12.5%) will create a key driver for reducing the

Bank's cost of funding in the medium term, which will have a positive impact on net interest margin.

Foreign exchange stability: A stable level of international reserves (in excess of USD 46 billion), supported by external financing, enables the NBU to manage exchange rate dynamics effectively. This strengthens the Bank's ability to maintain the stability of its funding base and minimises foreign exchange risks in liabilities.

The Bank's risks and income are directly dependent on its specialisation in financial market operations.

Efficient deployment of surplus liquidity: The Bank's high NSFR indicators evidence an excess of stable funding, which will encourage the Bank to use this capacity to expand operations in the interbank market, repo transactions, and the strategic placement of funds in domestic government bonds, NBU certificates of deposit and low-risk financial instruments.

Investments in sovereign debt: Demand for domestic government bonds is expected to remain strong, providing the Bank with low-risk and stable income.

Derivative transactions: Further liberalisation of the foreign exchange market by the NBU and the potential recovery of the corporate bond market will create opportunities to expand the volume of foreign exchange derivative transactions (forwards and swaps). This will allow the Bank to offer clients hedging instruments and generate additional fee income.

Fee income: The Bank plans to increase profitability by increasing the share of fee income from settlement and cash services and foreign exchange transactions in the Bank's total income.

Credit risk and corporate lending: Due to the heightened risk profile of assets and the high level of NPLs in the banking system, the Bank will maintain its traditionally low level of risk appetite. Lending will focus exclusively on providing short-term limits (overdrafts and guarantees) to reliable corporate customers in order to support their current liquidity.

The Bank must continuously adapt to the stringent requirements of regulators' directives and market dynamics.

Prudential regulation: The NBU is tightening requirements for harmonising banking legislation with EU directives (Basel III standards), which requires the maintenance of high capital and liquidity ratios. The Bank will maintain a significant capital and liquidity buffer to ensure financial resilience. Based on the results of the 2025 resilience assessment of JSC «BANK AVANGARD», the National Bank of Ukraine resolved that no recapitalisation of the Bank was required. The Bank's share capital amounts to UAH 231.8 million. The Bank complies and will continue to comply with the requirements of the National Bank of Ukraine regarding the amount of share capital and regulatory capital and prudential ratios. Should the Verkhovna Rada of Ukraine adopt legislative amendments increasing the minimum amount of share capital for banks in Ukraine, the Bank will meet the new capital requirements within the period established by law using retained earnings from previous years.

Compliance (AML/CFT): The stringency of financial monitoring requirements requires the Bank to continue investing in process automation and AI-based solutions to ensure international transparency and the timely detection of anomalies.

Competitive environment: The market remains highly concentrated, with the dominance of state-owned banks limiting opportunities for aggressive growth in market share. However, the banking services niche selected by the Bank remains sufficiently attractive due to the Bank's and the Group companies' substantial expertise and competence in their field of activity.

Digital transformation: Growing competition from fintech companies and the dominance of state-owned banks are the key drivers for the Bank to continue and accelerate its digital transformation (Digital Bank), introduce new digital sales channels and AI assistants in order to increase operating efficiency, reduce costs and provide high-quality services.

In December 2025, businesses maintained restrained assessments of current economic performance. Further deterioration of the security situation, prolonged power outages, rising production costs, destruction of production and logistics capacities, shortages of qualified personnel, as well as seasonal factors, continued to restrain economic activity of enterprises. At the same time, resilient consumer demand, inflows of international assistance, increased food supply and slower inflation remained positive factors.

This is evidenced by the Business Activity Expectations Index (BAEI) calculated by the National Bank. In December 2025, the BAEI stood at 49.2 compared with 49.4 in November 2025, but was significantly higher than the level of December 2024 (45.9) and, overall, was the highest December reading since the surveys began.

Detailed information on the external environment in which the Bank operates is provided in the Bank's Annual Financial Report for 2025.

2.2. Business model, management objectives and strategies for achieving these objectives.

The Bank operates as a universal bank focused on providing comprehensive customer service and high-quality services through a broad offering of banking services and products, while concentrating its core activities on the foreign exchange, money and capital markets and carrying out transactions both using its own funds and using clients' funds. Based on the results of trading in domestic government bonds, the Bank ranked among the TOP 5 leaders by volume of concluded transactions on the Perspektiva Stock Exchange in 2025.

According to data published by PJSC PFTS Stock Exchange, which is an affiliated member of the World Federation of Exchanges and a member of the International Association of Exchanges, AT "BANK AVANGARD"'s own bonds (Series A) were included in the TOP 5 corporate and municipal bonds traded on PJSC PFTS Stock Exchange in 2025.

The Bank has no branches, outlets or separate structural subdivisions. Customer service is provided at the Head Office located at 3 Sholudenka Street, Kyiv.

As at the end of the reporting period, the Bank's customer base comprised corporate customers engaged in business activities (142 customers), non-bank financial institutions (21 customers), individual customers (696 customers) and individual entrepreneurs (8 customers). The Bank serves 2,559 accounts and 867 customers.

The Bank's principal areas of activity are as follows:

1. Securities trading (primarily domestic government bonds and blue-chip corporate bonds);
2. Repo transactions with domestic government bonds;
3. Active participation in the interbank lending market;
4. Foreign exchange transactions (including, inter alia, currency forwards and currency swaps);
5. Transactions in derivative financial instruments (interest rate swaps).

The Bank's operations are based on the principles of reliability, transparency, balanced financial performance, compliance with banking regulations and adherence to best banking practices in the following areas:

Treasury operations: money market operations, foreign exchange market operations, securities transactions, and relationships with professional participants in the financial market, including banks, insurance companies and capital market intermediaries. Customer deposit-taking transactions are regarded as money market operations, as they constitute a source of funding for the Bank's core activities. To ensure such funding, the Bank has organised customer service, document flow related to all types of transactions and operations, processing of payment orders and messages in the Client-Bank system, opening and maintaining current accounts for customers and correspondent banks, including transfers of funds using payment instruments and crediting funds to accounts; maintaining customer accounts (residents and non-residents) in foreign currency and accounts of non-resident customers in the national currency of Ukraine; maintaining correspondent accounts of resident banks in foreign currency; and opening correspondent accounts with authorised banks of Ukraine in foreign currency and conducting transactions through such accounts.

The Bank was established under a specific treasury-bank concept and is focused on leveraging substantial expertise in its field of activity with maximum operating efficiency

driven by price competition and advanced technologies. At present, the Bank's main lines of business are securities trading, interbank lending market transactions and FOREX operations.

The Bank's objective is to become an impeccable settlement mechanism with a high transaction processing speed. As a treasury bank with low administrative costs, the Bank is able to offer its customers attractive pricing for its services. By minimising the duration of the operating cycle, the Bank maximises the number of transactions per day and the turnover of funds. Accordingly, the Bank is able to offer low tariffs and the best foreign exchange quotations on the market, which, in turn, contributes to stronger operating profitability.

On 6 October 2023, the Bank's shareholder resolved to increase the Bank's share capital by UAH 31.72 million through capitalisation of a portion of retained earnings generated by the Bank in 2019–2022, by increasing the nominal value of shares from UAH 1,640 to UAH 1,900. Following registration of the relevant amendments, this resulted in an increase in the Bank's share capital to UAH 231.8 million and, accordingly, in an increase in the Bank's regulatory capital.

Given the Bank's specific concept and business model as a treasury-type bank, the Bank believes that it does not require additional funding for its operations, and its share capital is sufficient to comply with regulatory requirements through 2027.

In connection with the ongoing full-scale armed aggression of the Russian Federation against Ukraine, and on the basis of a proposal by the National Security and Defence Council of Ukraine, the President of Ukraine signed laws extending martial law and general mobilisation in Ukraine for a further 90 days from 3 February 2026 (i.e. until 4 May 2026).

The unpredictability of scenarios for the further development of hostilities does not allow a precise assessment of what proportion of customers will be able to return to normal debt servicing and within what time horizon. However, even under an optimistic scenario, losses for banks will be significant.

In view of the current situation, the Bank's management carries out daily operational monitoring of the Bank's activities and ensures a prompt response to current events and changes in circumstances. In addition, when assessing possible scenarios and taking into account the specifics of the Bank's assets, the Bank's management estimates potential losses to be lower than the industry average and such as will not affect the Bank's ability to continue as a going concern.

All the above circumstances require the Bank's Supervisory Board and Management Board to adopt a conservative scenario as the base case. For obvious reasons, the Bank does not expect a rapid economic recovery next year. At the same time, the Bank's management has every reason to expect a slowdown in inflation, a controlled situation in the foreign exchange market and a gradual reduction in the refinancing rate. A gradual return of the corporate bond market to functioning is also expected in the years following the end of the war.

The Bank plans to continue complying with the requirements of the National Bank of Ukraine regarding established prudential ratios and the amount of share capital and regulatory capital.

Since the commencement of its operations in 2013 and up to the present, the Bank's strategy has not changed materially. Business plans and budgets are reviewed at least annually in order to update the key financial market indicators underlying their preparation and to introduce appropriate amendments where new products are launched.

Since 2024, the Bank has been operating under a temporary restriction on the voting rights of holders of significant participation interests and the Bank's shareholder, and is involved in related court proceedings with the regulator, as well as acting as a defendant in a claim brought by the Cabinet of Ministers of Ukraine, thereby incurring additional legal support costs in relation to such proceedings.

During the reporting year, the Bank's management did not make any decisions regarding the merger, acquisition, division, spin-off or transformation of the Bank or the discontinuation of any of the Bank's lines of business. No bankruptcy proceedings were initiated, no rehabilitation order was issued in respect of the Bank, and neither the Bank's supreme governing body nor any court adopted a decision on the liquidation or bankruptcy of the Bank.

As regards the claim of the Cabinet of Ministers of Ukraine against the Bank, by decision of the Commercial Court of the City of Kyiv dated 6 February 2025, the claim of the State represented by the Cabinet of Ministers of Ukraine against the Bank and other defendants for recovery of funds was dismissed. The Bank has a strong legal position on the merits of the dispute and therefore does not see any risk of the claimant's claims being satisfied and, accordingly, does not see any risk to the Bank's ability to continue as a going concern.

The Bank is involved, as a third party without independent claims, in several court proceedings brought by the Bank's ultimate beneficial owners against the National Bank of Ukraine in relation to decisions of the regulator.

The Bank maintains consistently high financial resilience indicators, including liquidity and capital ratios. The Bank's management has received assurances of support from the shareholder, is actively engaging with the Supervisory Board in this regard and is confident that any court decision will not affect the Bank's financial position.

In the Bank management's opinion, the enforcement measure applied by the National Bank of Ukraine in January 2024 to the Bank's holders of significant participation interests, including the Bank's shareholder, in the form of deprivation of voting rights, does not affect the Bank's financial resilience or its ability to continue as a going concern.

The Bank has established a competent and effective Supervisory Board and Management Board, which, where necessary, consider all matters relating to the Bank's operations within their respective authority.

Each decision of the NBU concerning the Bank's shareholders and ultimate beneficial owners is being challenged or will be challenged in court, and there are all grounds to expect a fair decision, taking into account the decisions of the Kyiv District Administrative Court dated 12 February 2025, 13 February 2025 and 12 March 2025, by which the administrative claims of the Bank's ultimate beneficial owners against the National Bank were upheld, and pursuant to which the decisions of the National Bank that formed the basis for depriving holders of significant participation interests of voting rights were declared unlawful and cancelled, including the decision of the National Bank of Ukraine prohibiting them from exercising voting rights. The defendant filed an appeal. As at the reporting date, no appellate court decision had been issued.

3. BANK PERFORMANCE INDICATORS IN 2025.

The Bank's assets as at 31 December 2025 amounted to UAH 1,413,268 thousand (as at 31 December 2024: UAH 1,416,240 thousand).

The quality of the assets of JSC «BANK AVANGARD» is good. Highly liquid assets continue to constitute the principal component of the Bank's assets. Highly liquid assets are represented mainly by domestic government bonds and certificates of deposit issued by the National Bank of Ukraine. Balances on Nostro accounts are placed with resident banks.

The Bank's liabilities as at 31 December 2025 amounted to UAH 1,053,180 thousand (31 December 2024: UAH 1,059,956 thousand). The funding base is formed by customer funds, in particular short-term funds of legal entities and individuals. As at 31 December 2025, the portfolio of customer funds amounted to UAH 956,704 thousand (31 December 2024: UAH 1,020,259 thousand).

In 2021, JSC «BANK AVANGARD» issued and placed Series A bonds in the amount of 100,000 (one hundred thousand) units with a maturity date of 8 April 2026 and Series B bonds in the amount of 100,000 (one hundred thousand) units with a maturity date of 7 April 2027. During 2021, the Bank repurchased its own debt securities, namely Series A bonds in the amount of 77,500 (seventy-seven thousand five hundred) units with a maturity date of 8 April 2026 and Series B bonds in the amount of 97,500 (ninety-seven thousand five hundred) units with a maturity date of 7 April 2027. In the first half of 2022, the Bank repurchased Series A bonds in the amount of 18,000 (eighteen thousand) units with a maturity date of 8 April 2026. In August 2025, the Bank sold Series A bonds in the amount of 65,000 (sixty-five thousand) units with a maturity date of 8 April 2026.

As at 31 December 2025, the total volume of bonds placed amounted to UAH 72 million.

As at 31 December 2025, the Bank's equity amounted to UAH 360,088 thousand (31 December 2024: UAH 356,284 thousand). The principal component of equity is the Bank's share capital.

As at 31 December 2025, the Bank's share capital amounted to UAH 231,800 thousand (31 December 2024: UAH 231,800 thousand).

As at 31 December 2025, the Bank's regulatory capital amounted to UAH 335,299 thousand, including Tier 1 capital in the amount of UAH 335,299 thousand and Common Equity Tier 1 capital in the amount of UAH 335,299 thousand.

During the reporting period, the Bank complied with the prudential ratios established by the National Bank of Ukraine, which had the following values as at 31 December 2025:

	Required value	As at the close of business on 31 December 2025	As at the close of business on 31 December 2024
regulatory capital ratio (N1)	UAH 200 000 thousand	UAH 335 299 thousand	UAH 344 300 thousand
regulatory capital adequacy ratio (RCR)**	Not less than 8,50%	-	45,95%
	Not less than 10,00%	46,66%	-
LCRBB	100%	450,2883%	285,0938%
LCRIB	100%	582,6871%	479,3203%
NSFR	100%	1187,7795%	702,7163%

* The minimum required value of the regulatory capital adequacy ratio under the applicable legislation was 8.5% as at 31 December 2024 and 10% as at 31 December 2025.

In order to monitor banks' liquidity position, the National Bank has established the following liquidity ratios: the Liquidity Coverage Ratio (LCR), for all currencies (LCRall) and in foreign currency (LCRfc).

The Liquidity Coverage Ratio (LCR) is a liquidity ratio that establishes the minimum required level of liquidity to cover net expected cash outflows over a 30-calendar-day period under a stress scenario (hereinafter, net expected cash outflows).

The Bank calculates the Liquidity Coverage Ratio (LCR) on a daily basis as the ratio of high-quality liquid assets to net expected cash outflows.

The Net Stable Funding Ratio (NSFR) is a liquidity ratio that establishes the minimum required level of stable funding for the Bank's activities over a one-year horizon. The Bank calculates the Net Stable Funding Ratio (NSFR) as the ratio of available stable funding (ASF) to required stable funding (RSF).

Based on the results for 2025, the Bank's operations were profitable, and net profit amounted to UAH 4,165 thousand.

Detailed information is provided in the Bank's Annual Financial Report for 2025.

On 11 February 2026, the independent rating agency IBI-Rating announced the affirmation of the long-term credit rating of JSC "BANK AVANGARD" at uaAAA with a stable outlook. The highest rating was also affirmed for the reliability of the Bank's deposits and for the Bank's issues of interest-bearing registered unsecured bonds. Rating report: <https://avgd.ua/wp-content/uploads/2026/02/AVNG-01-01up-short.pdf>

4. THE BANK'S PLANS FOR 2026 AND THE LONG-TERM OUTLOOK.

In 2026, taking into account changes in market conditions, the Bank plans to maintain a portfolio of domestic government bonds of at least approximately UAH 600 million. The Bank intends to attract funds from counterparties on the best market terms for the purpose of investing in domestic government bonds. The remainder of the assets will consist of funds placed with other banks and short-term loans to reliable borrowers. At the same time, 85% of the Bank's assets are placed for a term of up to 30 days, and at least 85% of the assets are highly liquid, as they consist of interbank lending operations, the portfolio of domestic government bonds and balances on correspondent accounts with the most reliable banks. At least 80% of attracted funds consist of funds of legal entities.

In 2026–2028, the Bank plans to maintain the same structure and quality of assets as in previous periods.

At the same time, the Bank does not conduct and does not plan to conduct cash operations or retail banking business, except for transactions in domestic government bonds, foreign exchange transactions, settlement transactions and passive operations for private investors.

High and stable performance indicators compared with the industry average confirm the economic soundness of the Bank's establishment concept and its high level of technological advancement.

At the same time, the Bank is exposed to interest rate risk and foreign exchange risk. Therefore, a promising area of development is the introduction of new products with an emphasis on increasing the share of fee income in the Bank's income structure, attracting large companies interested in the Bank's services and developing the transaction banking business.

In order to attract customers and promote the Bank's services, it is planned to improve all sales channels, including enhancement of the Bank's website, expansion of the functionality of the Bank's mobile application and release of its updated version, development of information support activities (analytical reports, reviews, legal opinions and recommendations for customers, etc.), mechanisms for attracting new customers for servicing by the Bank, and optimisation of operating procedures, which must meet current requirements in terms of speed and simplicity of execution of transactions and reliability of settlements.

In the context of economic downturn and contraction of customers' business activities, taking into account the requirements and opportunities provided by the Law of Ukraine "On Payment Services", as well as the introduction of new functions under the National Bank's SEP-4.1 system and Ukraine's prospects of joining the Single Euro Payments Area (SEPA), the Bank is enhancing the technological capabilities of its payment automation systems in order to develop cooperation with non-bank payment service providers and provide them with settlement bank services, plans to connect to the SEPA infrastructure and to complete a full transition to the new SWIFT MX message format as part of the implementation of the ISO20022 payment standard. Accordingly, the Bank is focused on developing its transaction banking business in order to expand its customer base and generate fee income.

The activities of JSC "BANK AVANGARD" in the areas of transaction banking, money market, foreign exchange market, debt securities market and digital banking have been certified in accordance with the international standards for quality management systems ISO 9001:2015 and information security management systems ISO/IEC 27001:2022.

The Bank has implemented a business continuity management system in accordance with the international standard ISO 22301.

The high reliability of the Bank's IT services, hosted in the De Novo cloud environment and supported by high-speed aggregated communication channels, provides the Bank's customers with uninterrupted and secure access to remote servicing systems and enables prompt execution of settlements. To ensure the uninterrupted operation of the Bank and its information systems, additional backup communication channels have been established, a hot standby is maintained at relevant Bank locations, and mechanisms for prompt data recovery from backup copies have been implemented. The Bank will continue to improve information security, maintaining the compliance of its banking settlement technologies with the best international standards.

The Bank plans to continue improving its settlement mechanisms and systems and to develop an innovative platform for the introduction of new products and services. In 2026–2028, the priority areas will include the implementation of artificial intelligence (AI)-based technologies for:

- real-time transaction analysis to detect suspicious transactions and prevent fraud;
- automation of financial monitoring processes for the prompt detection of anomalies;
- optimisation of internal operational procedures, such as document processing and assessment of customers' creditworthiness;
- personalisation of customer service through forecasting customer needs and automatic offering of relevant banking products;
- use of AI assistants to support customers in remote servicing systems.

Through the implementation of electronic document management and qualified electronic signatures (QES), the Bank ensures fast and reliable exchange of documents, thereby increasing operational efficiency.

As the Bank's objective is to become a fully digital bank (Digital Bank), to the extent permitted by applicable legislation, the Bank will continue to optimise all operating procedures, implement new software products for the automation of routine tasks, accelerate database screening procedures, and improve the efficiency of settlement operations and financial monitoring procedures. This will enable the Bank to ensure high reliability of services and stable profitability indicators.

The Bank has identified and approved key sustainable development goals that it follows in its operations in order to be a reliable, innovative and socially responsible financial partner that actively contributes to the sustainable economic growth of Ukraine and the well-being of its citizens. The Bank seeks to be a leader in responsible banking and integrates sustainable development principles into every aspect of its operations, effectively managing environmental, social and governance risks, while also using opportunities to create a positive impact and contribute to the development of a resource-efficient, low-carbon and socially equitable economy.

The strategy and other plans may be revised in order to refine the key financial market indicators underlying their preparation and to introduce appropriate amendments where new products are implemented.

5. THE BANK'S FUNDING NEEDS.

Given the Bank's specific concept and business model as a treasury-type bank, in the Bank's opinion, it does not require additional funding for its operations, and its share capital is sufficient to ensure compliance with regulatory requirements through 2028.

6. RESOURCES OF THE BANK.

The Bank's key financial resources are capital and funds attracted from the Bank's customers. Share capital accounts for more than 60% of the Bank's equity. A high level of capitalisation mitigates the Bank's sensitivity to risks and supports its further development.

The funding base is formed by customer funds, in particular short-term funds of legal entities and individuals. Despite the predominance of balances in customers' current accounts against the background of concentration of liabilities by major creditors, the absence of a regional network, the limited number of customers and the predictability of their cash flows, together with a significant volume of highly liquid assets, mitigate the Bank's sensitivity to liquidity risk.

The Bank's liabilities, which are formed primarily by funds of business entities, the insignificant size of the loan portfolio and the structure of its collateral, as well as the high level of capitalisation and an adequate level of provisioning for active operations, mitigate the Bank's sensitivity to risks.

The Bank's key non-financial resources include the intellectual capital of its personnel and technological resources. The Bank is provided with premises, office equipment, banking equipment and specialised technical means required to maintain its security system. The amount invested by the Bank in property and equipment is insignificant.

The Bank is a reliable employer in the financial sector. The year 2025 took place under martial law, blackouts caused by attacks on the country's energy system, and other related challenges. The Bank's team was able to adapt to new complex challenges and changes

in the working format. The volume of banking operations and the quality of work processes were maintained, as evidenced by the financial results for 2025.

It should be noted separately that the Bank fulfils its social role with respect to employees in protected categories (including 2 employees on maternity leave). The employment rights of employees in protected categories are reliably protected by the State. The Bank also employs persons with disabilities. As at the end of 2025, the Bank employed 2 persons with disabilities. The Bank's ongoing system of staff training, assessment and development ensures that employees maintain the necessary level of professional knowledge and skills. In 2025, some of the Bank's employees attended remote training events delivered by external training service providers. The Bank also worked on developing training materials accessible remotely to every employee. Accordingly, during 2025, employees of all categories and across all areas of activity were covered by the training system.

7. CORPORATE GOVERNANCE REPORT.

7.1. OBJECTIVES OF THE FINANCIAL INSTITUTION'S ACTIVITIES

In accordance with its Charter, the Bank's objectives are as follows:

- to meet public demand for banking and other financial services (except for insurance services) and other banking activities as defined by applicable legislation;
- to attract, accumulate, facilitate the movement and redistribution of monetary resources;
- as well as to generate profit from activities not prohibited by applicable legislation.

7.2. CORPORATE GOVERNANCE CODE APPLIED BY THE BANK.

Corporate governance in the Bank is exercised taking into account not only the requirements of the applicable legislation of Ukraine, including the Laws of Ukraine "On Banks and Banking Activity" and "On Joint Stock Companies", as well as regulations of the National Bank of Ukraine and the National Securities and Stock Market Commission, but also the recommendations of the relevant regulators and best international practices and standards relevant to banks of similar size and nature of operations. The key foundations, principles and procedures of the Bank's corporate governance are set out in the Bank's Charter, the Bank's Corporate Governance Code and other internal documents of the Bank, which are publicly available on the Bank's website (<https://avgd.ua/about/dokumenty-banku/>)

The Bank's Corporate Governance Code defines the foundations and principles of corporate governance in the Bank, the principles for protection of the interests of shareholders, depositors and other stakeholders, the principles of transparent decision-making, the accountability of the Bank's management and information transparency.

During 2025, the Bank fully complied with the Bank's Corporate Governance Code and the principles set out therein, and no deviations were identified.

No decisions were taken by the Bank not to apply any provisions of the Bank's Corporate Governance Code.

The Bank does not apply any other corporate governance practices beyond the requirements established by law, except for compliance with the recommendations of the relevant regulators taking into account relevant international practices and standards applicable to banks of similar size and nature of operations.

7.3. HOLDERS OF SIGNIFICANT SHAREHOLDINGS IN THE BANK.

The Bank's shareholder is WESTAL HOLDINGS LTD (registered address: Evagora Papachristoforou, 18, Petoussis Building, Office 101B, 3030 Limassol, Republic of Cyprus), which is the holder of a significant participation in the Bank and, as at the reporting date, directly holds 100.00% of the Bank's share capital.

The following entities are indirect holders of significant participation in the Bank:

- ICU Holdings Limited (registered address: Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands), which indirectly holds 100.00% participation in the Bank through its 100% participation in WESTAL HOLDINGS LTD;
- NAREMIUS HOLDINGS LTD (registered address: Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands), which indirectly holds 50% participation in the Bank through its 50% participation in ICU Holdings Limited, which in turn indirectly holds 100.00% participation in the Bank through its 100% participation in WESTAL HOLDINGS LTD;
- FILTESA HOLDINGS LTD (registered address: Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands), which indirectly holds 50% participation in the Bank through its 50% participation in ICU Holdings Limited, which in turn indirectly holds 100.00% participation in the Bank through its 100% participation in WESTAL HOLDINGS LTD.

A group of persons connected by common economic interests includes:

- Kostiantyn Stetsenko, who indirectly holds 50% participation in the Bank through 100% participation in NAREMIUS HOLDINGS LTD, through ICU Holdings Limited, which indirectly holds 100.00% participation in the Bank through 100% participation in WESTAL HOLDINGS LTD; and
- Makar Paseniuk, who indirectly holds 50% participation in the Bank through 100% participation in FILTESA HOLDINGS LTD, through ICU Holdings Limited, which indirectly holds 100.00% participation in the Bank through 100% participation in WESTAL HOLDINGS LTD.

There were no changes in the composition of holders of significant participation during the reporting year.

The Bank's management does not hold shares in the Bank. No decisions regarding the repurchase of the Bank's own shares were taken.

On 22 January 2024, the National Bank of Ukraine temporarily, until the identified violation is remedied, prohibited the holders of significant participation in the Bank from exercising voting rights. On 14 July 2025, the National Bank of Ukraine appointed a trustee to whom the voting rights attached to the Bank's shares, as well as the right to participate in the management of the Bank, were transferred.

The Bank has established competent, fit and effective Supervisory Board and Management Board, which, when necessary, consider all matters relating to the Bank's activities within their respective competences. In accordance with the legislation and the Bank's Charter, strategic matters relating to the Bank's activities fall within the exclusive competence of the shareholder, and resolution of such matters is not expected during the period of application of the enforcement measure imposed by the National Bank of Ukraine on the Bank. The scope of the shareholder's competence does not require the shareholder's day-to-day involvement in the Bank's current activities or in ensuring its going concern. The vast majority of matters necessary to ensure and maintain the Bank's financial resilience and the continuity of its operations fall within the competence of the Supervisory Board or the Management Board of the Bank.

7.4. THE BANK'S MANAGEMENT SYSTEM.

The Bank's supreme governing body is the General Meeting of Shareholders. The Bank has established an effective Supervisory Board, which is a collegiate body of the Bank and exercises effective oversight over the activities of the Management Board, and protects the rights of depositors, other creditors and shareholders of the Bank in accordance with the Bank's Charter, the Regulation on the Supervisory Board of the Bank and the legislation of Ukraine. The Supervisory Board of the Bank does not participate in the day-to-day management of the Bank.

In accordance with the requirements of applicable legislation and the Bank's Charter, the powers of the Supervisory Board include:

1. approval of the Regulation on the Management Board of the Bank, regulations on the Internal Audit Function, the Risk Management Function, the Compliance Function, the Corporate Secretary, and the standing and ad hoc committees of the Supervisory Board, as well as other internal regulations governing the activities of the Bank's structural units and other internal documents, the approval of which falls within the competence of the Supervisory Board in accordance with the requirements of applicable legislation of Ukraine; approval of regulations governing the Bank's activities, except for those falling within the exclusive competence of the General Meeting of Shareholders and those which, by decision of the Supervisory Board, have been delegated to the Management Board of the Bank for approval;
2. convening the General Meeting of Shareholders, preparation and approval of the draft agenda and agenda of the General Meeting of Shareholders, adoption of decisions on the date of its holding and on inclusion of proposals in the draft agenda, except where an extraordinary General Meeting of Shareholders is convened by shareholders;
3. review of the report of the Management Board and approval of measures based on the results of such review, and adoption of a decision following consideration of the report of the Management Board;
4. appointment and termination of the powers of the Chairperson and members of the Management Board, as well as adoption of a decision on the quantitative composition of the Management Board;
5. appointment and dismissal from office (termination of authority) of the Head of the Internal Audit Function (internal auditor) of the Bank, the Chief Risk Officer and the Chief Compliance Officer;
6. approval of the terms of employment agreements (contracts) entered into with members of the Management Board, the head and employees of the Bank's Internal Audit Function, the Chief Risk Officer and the Chief Compliance Officer, determination of the amount of their remuneration, including incentive and compensatory payments; determination of the person authorised to sign contracts (agreements) on behalf of the Bank with the Chairperson and members of the Management Board of the Bank;
7. adoption of a decision on suspension of the Chairperson of the Management Board or a member of the Management Board from the exercise of his or her powers, and election of a person who will temporarily perform the powers of the Chairperson of the Management Board;

8. selection of the audit firm for conducting the external audit of the Bank, including the annual audit of the financial statements, and approval of the terms of the agreement to be concluded with the audit firm, determination of the amount of fees for its services, and election of the person authorised to sign such agreement with the audit entity;
9. review of the conclusions of the external audit of the Bank and preparation (submission) of recommendations to the General Meeting of Shareholders for adoption of a decision regarding the conclusions of the external audit;
10. adoption of a decision on granting consent for the Bank to enter into material transactions or related party transactions in cases established by the legislation of Ukraine;
11. election of the Corporate Secretary and approval of the Regulation on the Corporate Secretary;
12. establishment of ad hoc and standing committees of the Supervisory Board, determination of their composition, powers and other matters relating to their functioning, and consideration of reports (opinions) of ad hoc and standing committees of the Supervisory Board;
13. approval and monitoring of implementation of the Bank's strategy, business plan, recovery plans, Bank funding in crisis situations, and business continuity arrangements;
14. ensuring the functioning and monitoring the effectiveness of the Bank's comprehensive and adequate internal control system, including the risk management system and internal audit;
15. determination of the Bank's lending policy;
16. monitoring the remediation of deficiencies identified by the National Bank of Ukraine and other public authorities and administrative bodies that, within their competence, supervise the Bank's activities, as well as by the Internal Audit Function and the audit firm based on the results of the external audit;
17. determination of the remuneration policy of the Bank in accordance with the requirements established by the National Bank of Ukraine, as well as monitoring its implementation;
18. approval of the regulation on remuneration of members of the Management Board; approval of the remuneration report of members of the Management Board;
19. carrying out an annual assessment of the effectiveness of the Supervisory Board of the Bank as a whole and of each member of the Supervisory Board of the Bank individually, of the committees of the Supervisory Board of the Bank, assessment of the compliance of the collective suitability of the Supervisory Board of the Bank with the size of the Bank, the complexity, scope, types and nature of the Bank's operations, the organisational structure and the risk profile of the Bank, taking into account the specific features of the Bank's activities and/or the activities of the banking group to which the Bank belongs, as well as taking measures to improve the functioning mechanisms of the Bank's board based on the results of such assessment;
20. carrying out an annual assessment of the effectiveness of the Management Board of the Bank as a whole and of each member of the Management Board of the Bank individually, of the Risk Management Function, the Compliance Function and the Internal Audit Function of the Bank, assessment of compliance of members of the

Management Board of the Bank, the Chief Risk Officer, the Chief Compliance Officer and the Head of the Internal Audit Function with qualification requirements, assessment of the compliance of the collective suitability of the Management Board of the Bank with the size of the Bank, the complexity, scope, types and nature of the Bank's operations, the organisational structure and the risk profile of the Bank, taking into account the specific features of the Bank's activities and/or the activities of the banking group to which the Bank belongs, as well as taking measures to improve the functioning mechanisms of the Management Board of the Bank and of the Risk Management Function, the Compliance Function and the Internal Audit Function of the Bank based on the results of such assessment;

21. monitoring the preparation of the remuneration report of members of the Supervisory Board;
22. exercise of other powers falling within the competence of the Supervisory Board under the Law of Ukraine "On Joint Stock Companies", applicable legislation of Ukraine or the Bank's Charter.

The permanent collegiate executive body of the Bank is the Management Board, which manages the Bank's day-to-day activities, resolves matters within the scope of competence determined by the applicable legislation of Ukraine, the Bank's Charter and the Regulation on the Management Board of the Bank, and is responsible for the efficiency of the Bank's operations in accordance with applicable legislation and the Bank's Charter.

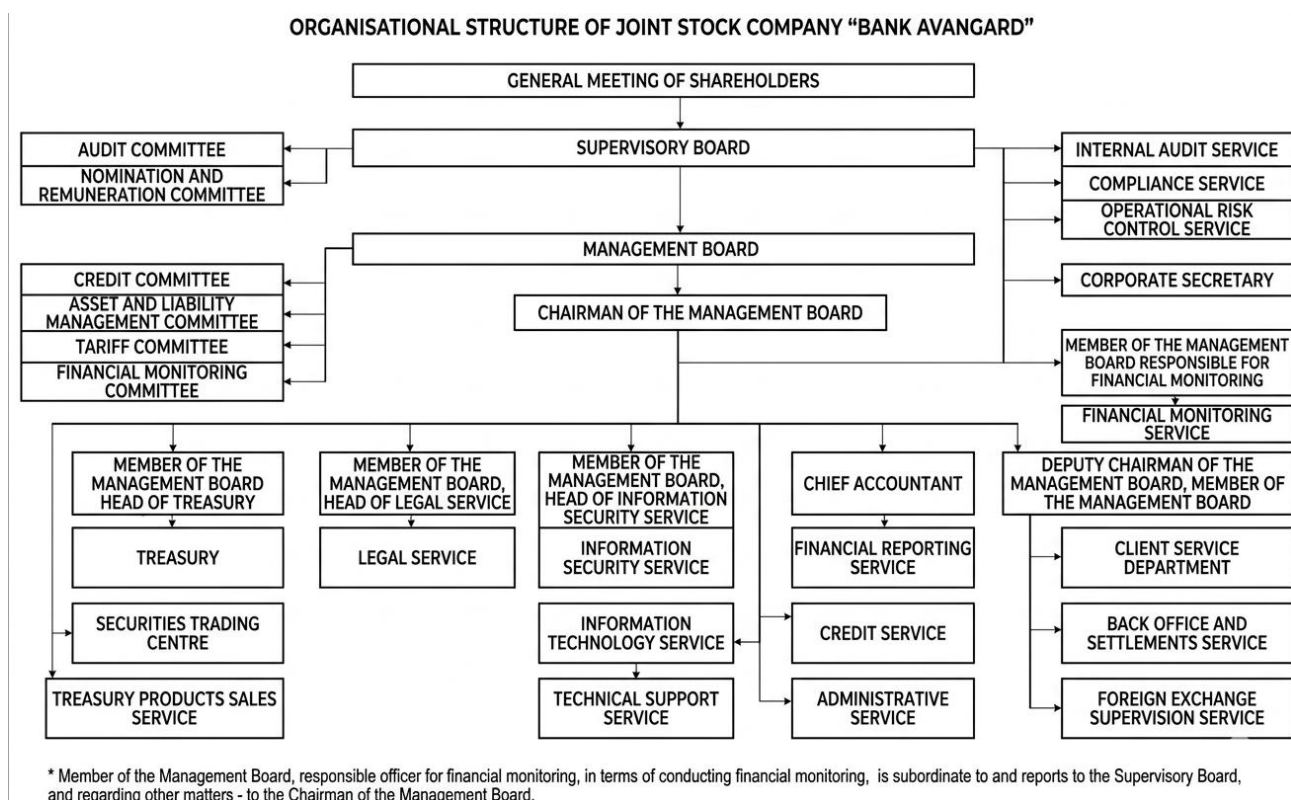
The competence of the Management Board includes resolution of all matters related to the management of the Bank's day-to-day activities, except for matters falling within the exclusive competence of the General Meeting of Shareholders and the Supervisory Board of the Bank. The General Meeting of Shareholders and the Supervisory Board may decide to delegate part of their powers to the competence of the Management Board, except for powers assigned by the applicable legislation of Ukraine and the Bank's Charter to the exclusive competence of each of these governing bodies of the Bank.

The Management Board of the Bank is accountable to the Supervisory Board of the Bank. The Management Board of the Bank resolves matters relating to the management of the activities of the Bank's separate structural units, monitors the Bank's compliance with the requirements of applicable legislation of Ukraine, organises operations for safekeeping of the Bank's cash and valuables, accounting and reporting, internal control and other matters relating to the Bank's activities; reviews and approves internal documents of the Bank within its competence, adopts decisions on the establishment, management and liquidation of structural units of the Bank, except where adoption of such decisions falls within the exclusive competence of the Supervisory Board of the Bank, and also exercises other powers provided for by applicable legislation of Ukraine.

The Bank's organisational structure is built along principal functional lines, each of which is subordinated to one of the members of the Management Board of the Bank.

The Bank is improving its corporate governance standards by taking into account the practices and approaches of leading international companies, as well as by creating the necessary conditions for timely exchange of information and effective interaction between the Supervisory Board and the executive body.

Organisational structure of the Bank as at 31.12.2025



The number of employees on the Bank's staff list as at the end of 2025 was 40.

The Bank does not plan any significant increase in headcount or any material staffing changes. In 2026, headcount is expected to increase to no more than 42 employees in order to support business development and ensure control functions.

As at 31 December 2025, the Bank's managers and officers have sufficient experience in their respective fields of activity, appropriate education and confirmed impeccable business reputation.

The Bank does not have a corporate rights adviser.

7.5. INFORMATION ON THE GENERAL MEETINGS OF SHAREHOLDERS HELD AND A SUMMARY OF THE DECISIONS ADOPTED AT THE MEETINGS.

The Bank's sole shareholder, holding 122,000 registered ordinary shares of the Bank, representing 100% of the Bank's share capital, is WESTAL HOLDINGS LTD, a company incorporated and operating under the laws of Cyprus, registration number HE244019 (hereinafter, the "Shareholder").

Pursuant to Article 60 of the Law of Ukraine "On Joint Stock Companies" (hereinafter, the "Law"), the provisions of Articles 40–57 of the Law regarding the procedure for convening and holding the General Meeting of Shareholders do not apply to a company with a single shareholder (similar provisions were also contained in the previous version of the said Law).

The Shareholder's decision has the status of minutes of the General Meeting of Shareholders of the Bank.

On 22 January 2024, the Committee on Supervision and Regulation of Banks, Oversight of Payment Infrastructure of the National Bank of Ukraine adopted Resolution No. 24/65-rk,

recognising the business reputation of WESTAL HOLDINGS LTD, the holder of significant participation in JSC «BANK AVANGARD», as not impeccable and applying an enforcement measure in the form of a temporary prohibition, until the violation is remedied, on the exercise of voting rights attached to 122,000 registered ordinary shares of JSC «BANK AVANGARD», representing 100% of the Bank's share capital.

Pursuant to Resolution No. 24/756-rk of the Committee on Supervision and Regulation of Banks, Oversight of Payment Infrastructure of the National Bank of Ukraine dated 14 July 2025, the voting rights attached to the Bank's shares representing 100% of the Bank's share capital and owned by WESTAL HOLDINGS LTD, as well as the right to participate in the management of the Bank, were temporarily transferred to a trustee until the violation is remedied.

In 2025, the following decisions were adopted by the Bank's sole shareholder (trustee):

Date	Agenda	Decisions taken
28.10.2025	1. On consideration of the Bank's Supervisory Board Report for 2023 and making a decision based on the results of its consideration. 2. On approval of the Report on Remuneration of Members of the Bank's Supervisory Board for 2023; 3. On consideration of the conclusions of the auditor's report for 2023 prepared by the audit firm and the approval of measures based on the results of its consideration. 4. On approval of the results of financial and economic activity and the annual report for 2023. 5. On the distribution of income for 2023. 6. On the main directions of the Bank's activities.	1. Based on the results of the consideration of the Report of the Supervisory Board of the JOINT STOCK COMPANY «BANK AVANGARD» for the year 2023: • To acknowledge the Report of the Supervisory Board of the JOINT STOCK COMPANY «BANK AVANGARD» for 2023; • No additional measures shall be undertaken or approved. 2. To approve the Report on remuneration of the members of the Supervisory Board of JOINT-STOCK COMPANY «BANK AVANGARD» for 2023. 3. Based on the results of the consideration of the conclusions of the auditor's report of the audit firm LLC AC «CROW UKRAINE» regarding the audit of the annual financial statements of the JOINT STOCK COMPANY «BANK AVANGARD» for 2023: • To acknowledge the conclusions of the auditor's report of the audit firm LLC AC «CROW UKRAINE» without objections; • No additional measures shall be undertaken or approved. 4. Based on the results of the consideration of the annual report (annual financial statements) of JOINT-STOCK COMPANY «BANK AVANGARD» for 2023: - to approve the annual report (annual financial statements) of JOINT-STOCK COMPANY «BANK AVANGARD» for 2023; - To approve the results of the financial and economic activity of the JOINT-STOCK COMPANY «BANK AVANGARD» for 2023, namely the income in the amount of UAH 102 063 262,44. 5. Income of JOINT-STOCK COMPANY «BANK AVANGARD» as the results of activity in 2023 in the amount of UAH 102 063 262,44 to be distributed as follows: - to send part of the income in the amount of UAH 5 103 163.12 to the reserve fund of JOINT-

		STOCK COMPANY «BANK AVANGARD»; - to leave a part of the income in the amount of UAH 96 960 099,32 undistributed. Dividends based on the results of the activities of JSC «BANK AVANGARD» in 2023 were not accrued and not paid 6. To determine the main directions of activities of the JOINT-STOCK COMPANY «BANK AVANGARD» namely: treasury operations, including providing clients with a wide range of banking services and products, with a focus on its main activities in the foreign exchange, money markets and government debt markets. 1.
25.11.2025	1. On consideration of the Bank's Supervisory Board Report for 2024 and making a decision based on the results of its consideration. 2. On approval of the Report on Remuneration of Members of the Bank's Supervisory Board for 2024. 3. On consideration of the conclusions of the auditor's report for 2024 prepared by the audit firm and the approval of measures based on the results of its consideration. 4. On approval of the results of financial and economic activity and the annual report for 2024. 5. On the distribution of income for 2024.	1. Based on the results of the consideration of the Report of the Supervisory Board of the JOINT STOCK COMPANY «BANK AVANGARD» for the year 2024: - To acknowledge the Report of the Supervisory Board of the JOINT STOCK COMPANY «BANK AVANGARD» for 2024; - No additional measures shall be undertaken or approved. 2. To approve the Report on remuneration of the members of the Supervisory Board of JOINT-STOCK COMPANY «BANK AVANGARD» for 2024. 3. Based on the results of the consideration of the conclusions of the auditor's report of the audit firm LLC AC «CROW UKRAINE» regarding the audit of the annual financial statements of the JOINT STOCK COMPANY «BANK AVANGARD» for 2024: - To acknowledge the conclusions of the auditor's report of the audit firm LLC AC «CROW UKRAINE» without objections; - No additional measures shall be undertaken or approved. 4. Based on the results of the consideration of the annual report (annual financial statements) of JOINT-STOCK COMPANY «BANK AVANGARD» for 2024: - to approve the annual report (annual financial statements) of JOINT-STOCK COMPANY «BANK AVANGARD» for 2024; - to approve the results of the financial and economic activity of the JOINT-STOCK COMPANY «BANK AVANGARD» for 2024, namely the income in the amount of UAH 10 291 691,60. 5. Income of JOINT-STOCK COMPANY «BANK AVANGARD» as the results of activity in 2024 in the amount of UAH 10 291 691,60 to be distributed as follows: - to send part of the income in the amount of UAH 514 584,58 to the reserve fund of JOINT-STOCK COMPANY «BANK AVANGARD»; - to leave a part of the income in the amount of UAH 9 777 107,02 undistributed. Dividends based on the results of the activities of JSC «BANK AVANGARD» in 2024 were not accrued and not paid.

7.6. SUPERVISORY BOARD OF THE BANK. GENERAL DESCRIPTION OF THE DECISIONS MADE.

The Supervisory Board of the Bank is a collegiate body that exercises oversight over the activities of the Management Board and protects the rights of depositors, other creditors and shareholders of the Bank in accordance with the Bank's Charter, the Regulation on the Supervisory Board of the Bank and the legislation of Ukraine. The Supervisory Board of the Bank does not participate in the day-to-day management of the Bank.

The Supervisory Board adopts decisions collectively within the scope of its competence and ensures the implementation of decisions of the Bank's supreme governing body, the General Meeting of Shareholders.

The Supervisory Board reports to the General Meeting of Shareholders on its activities, the overall condition of the Bank and the measures taken by it to achieve the Bank's purpose and strategic objectives.

The purpose of the Supervisory Board is to represent the interests of, and protect the rights of, the Shareholders, ensure the effectiveness of their investments, facilitate the implementation of the Bank's statutory objectives, develop a strategy aimed at enhancing the Bank's profitability and competitiveness, and exercise oversight over the activities of the Bank's Management Board. The independence and integrity of the Supervisory Board are essential prerequisites for the fulfilment of its role.

In 2025, the Supervisory Board of the Bank had the following composition:

The Chairperson of the Supervisory (independent member):	M. V. Stetsenko
Deputy Chairman of the Supervisory Board (shareholder representative)):	M.V. Grinchenko
Members of the Supervisory Board (shareholder representatives):	R. I. Kilmukhametov H.O. Ovcharenko
Independent Members of the Supervisory Board:	V. V. Gladun O.M. Kurinnyy

The members of the Supervisory Board independently familiarised themselves with the internal documents of the Bank concerning their rights and duties.

In accordance with clause 8.4.4 of the Bank's Charter, the powers of R.I. Kilmukhametov were terminated on 31 December 2025 on the basis of a notification from the member of the Bank's Supervisory Board on termination of his powers without a decision of the General Meeting of Shareholders (the sole shareholder) of the Bank.

As at 31 December 2025, the members of the Supervisory Board have an impeccable business reputation and are not members of the Bank's Management Board and/or participants or members of governing bodies of a legal entity competing with the Bank's activities. In addition, when electing members of the Supervisory Board, candidates are carefully analysed to confirm the absence of conflicts of interest as well as other factors which, in accordance with the legislation of Ukraine, would prevent them from holding positions on the Supervisory Board.

To ensure the independence of the Supervisory Board, independent members are elected to its composition, which is confirmed by the absence of any significant business, family or

other relationships with the Bank, members of the Management Board or the Bank's shareholder. Such independent members are also not representatives of the state.

The Chairperson, Deputy Chairperson and members of the Supervisory Board have higher education and substantial experience in the financial sector. They adopt balanced decisions, which demonstrates their competence and effectiveness and is confirmed by the Bank's performance during the reporting year.

The organisational form of the Supervisory Board's work is meetings. The Supervisory Board may also adopt decisions through absentee voting (polling). During 2025, the Supervisory Board adopted decisions within the scope of its competence as defined by the Bank's Charter and the Regulation on the Supervisory Board.

During 2025, 10 meetings of the Supervisory Board were held, including joint meetings with the Management Board. In the period between meetings of the Supervisory Board, 20 decisions were adopted without convening meetings through absentee voting (polling) of the members of the Supervisory Board. All meetings of the Supervisory Board that were held were quorate.

During 2025, the Supervisory Board carried out activities and adopted decisions in the following areas:

1. Approval of the Bank's development strategy, business plan and budget, including the budgets of control functions;
2. Selection of the audit firm and determination of the terms of the agreement to be concluded with it, as well as determination of the amount of remuneration for its services;
3. Consideration of the Auditor's report on the results of the review of the internal control over compliance with the anti-money laundering policy;
4. Approval and review of the Bank's internal documents required by the legislation of Ukraine, including internal documents relating to remuneration;
5. Consideration of quarterly reports of the Management Board on the results of the Bank's financial and operating activities, as well as the annual report;
6. Consideration of reports on the assessment of all risks to which the Bank is exposed and assessment of the effectiveness of the risk management system and the internal control system;
7. Adoption of decisions on improving the risk management system and the internal control system, as well as matters relating to the banking group involving the Bank;
8. Resolution of other issues falling within the exclusive competence of the Supervisory Board in accordance with the legislation of Ukraine and the Bank's Charter.

In 2025, the Audit Committee of the Bank's Supervisory Board operated with the following composition:

Chairman of the Audit Committee
(independent member):

O.M. Kurinnyy

Members of the Audit Committee:

R.I. Kilmukhametov
H. O. Ovcharenko

In accordance with clause 8.4.4 of the Bank's Charter, the powers of R.I. Kilmukhametov were terminated on 31 December 2025 on the basis of a notification from the member of the Bank's Supervisory Board on termination of his powers without a decision of the General Meeting of Shareholders (the sole shareholder) of the Bank.

During 2025, 7 meetings of the Audit Committee of the Supervisory Board were held. In the period between meetings, 7 decisions were adopted without convening meetings through absentee voting (polling) of the committee members. The following issues were considered:

- consideration of the Bank's development strategy, business plan and budget, including the budgets of control functions, and submission of recommendations to the Supervisory Board of the Bank;
- consideration of the Internal Audit Service work plan for 2025, the quality assurance and improvement programme of the Internal Audit Service for 2025, the strategy and performance objectives of the Internal Audit Service, as well as reports on the activities of the Internal Audit Service, and submission of recommendations to the Supervisory Board;
- consideration of financial performance reports and reports on the correctness of calculations of risk limits and preparation of recommendations for the Supervisory Board;
- consideration of reports (conclusions) of the Internal Audit Service (Head of Internal Audit), including the results of audits of the Bank's financial and operating activities, the financial monitoring process, the internal liquidity adequacy assessment process, the Bank's recovery planning process, and the assessment of the effectiveness and feasibility of the Bank's Recovery and Crisis Financing Plan, and preparation of recommendations to the Supervisory Board;
- consideration and submission of recommendations to the Supervisory Board regarding the evaluation of the effectiveness of the Internal Audit Service and its Head;
- consideration of the external auditor's report of the Bank for 2024 and preparation of recommendations to the Bank's shareholder regarding the decision to be taken;
- consideration and submission of recommendations to the Supervisory Board regarding the Bank's performance results and annual report for 2024;
- consideration and submission of recommendations to the Supervisory Board regarding the issuer's annual information (annual report) for 2024;
- consideration of the implementation of recommendations of the National Bank of Ukraine and submission of recommendations to the Supervisory Board;
- consideration of the assessment of the effectiveness of the operational risk management system and the internal control system based on monitoring results and preparation of proposals to the Supervisory Board;
- consideration of the report of the Supervisory Board Audit Committee and submission of recommendations to the Supervisory Board;
- selection of the audit firm to perform the audit of the Bank's financial statements and the banking group involving the Bank for 2025 and preparation of relevant proposals to the Supervisory Board;
- consideration of approval and review of the Bank's internal documents and preparation of relevant proposals to the Supervisory Board;

- resolution of other issues within the competence of the committee.

For all matters considered, the Audit Committee of the Supervisory Board prepared appropriate proposals, comments and recommendations for further consideration and/or approval by the Supervisory Board of the Bank.

All meetings of the Audit Committee of the Supervisory Board that were held were quorate.

In 2025, the Nomination and Remuneration Committee of the Bank's Supervisory Board operated with the following composition:

Chairman of the Nomination and
Remuneration Committee (independent
member):

V. V. Gladun

Members of the Nomination and
Remuneration Committee:

M. V. Stetsenko
M.V. Grinchenko

During 2025, 2 meetings of the Nomination and Remuneration Committee of the Supervisory Board were held. In the period between meetings, 15 decisions were adopted without convening meetings through absentee voting (polling) of the committee members. The following issues were considered in the course of such meetings and decisions:

- bonuses for the Bank's employees based on the results of performance in 2024 and submission of relevant recommendations to the Supervisory Board;
- determination of the amount of remuneration and submission of relevant recommendations to the Supervisory Board;
- the report of the Nomination and Remuneration Committee of the Bank's Supervisory Board and submission of relevant recommendations to the Supervisory Board;
- the collective suitability of the Management Board and submission of relevant recommendations to the Supervisory Board;
- the number of members of the Management Board, appointment of members of the Management Board, as well as the responsible officer and the Chief Risk Officer of the Bank, and submission of relevant recommendations to the Supervisory Board;
- the Bank's organisational structure and submission of relevant recommendations to the Supervisory Board;
- the report of the Bank's Corporate Secretary and submission of relevant recommendations to the Supervisory Board;
- the report of the Management Board of the Bank for 2024 and approval of measures based on the results of its review, adoption of a decision following consideration of the Management Board's report, as well as assessment of the effectiveness of the Management Board and submission of relevant recommendations to the Supervisory Board;
- approval of the report of the Bank's Supervisory Board for 2024, assessment of the effectiveness of the Supervisory Board and assessment of the collective suitability of the Management Board and the Supervisory Board of the Bank, and submission of relevant recommendations to the Supervisory Board;
- approval of remuneration reports and submission of relevant recommendations to the Supervisory Board;
- approval and review of the Bank's internal documents and submission of relevant recommendations to the Supervisory Board;

- implementation of the recommendations of the National Bank of Ukraine and submission of relevant recommendations to the Supervisory Board;
- results of the assessment of compliance of the Bank's managers, the Head of the Internal Audit Function, the Head of the Risk Management Function (Chief Risk Officer), the Head of the Compliance Function (Chief Compliance Officer), and the Bank's Corporate Secretary with the requirements established by the legislation of Ukraine, and submission of relevant recommendations to the Supervisory Board;
- resolution of other matters falling within the competence of the committee.

For all matters considered, the Nomination and Remuneration Committee of the Supervisory Board prepared appropriate proposals, comments and recommendations for further consideration and/or approval by the Supervisory Board of the Bank.

All meetings of the Nomination and Remuneration Committee of the Supervisory Board that were held were quorate.

There were no changes in the composition of the Nomination and Remuneration Committee of the Supervisory Board during 2025.

In accordance with the current version of the Bank's Charter, the Supervisory Board consists of the Chairperson and other members of the Supervisory Board (hereinafter collectively, the members of the Supervisory Board). Pursuant to the Bank's Charter, the number of members of the Supervisory Board may not be less than 5 (five) and may not exceed 9 (nine) persons.

Only a natural person may be a member of the Supervisory Board. Members of the Supervisory Board may include independent members of the Supervisory Board, shareholders of the Bank and representatives of the Bank's shareholders. A member of the Supervisory Board may be a natural person with full legal capacity.

Members of the Supervisory Board may not be members of the Management Board of the Bank, nor may they hold other positions in the Bank under an employment agreement (contract) or provide services to the Bank under a civil law contract.

At least one-third of the Supervisory Board must consist of independent members, and the number of independent members of the Supervisory Board may not be fewer than three persons. An independent member of the Supervisory Board is a member of the Supervisory Board who is not subject to any influence by other persons in the decision-making process while performing the duties of an independent member of the Supervisory Board. The requirements for persons who may not be considered independent members of the Supervisory Board are established by the legislation of Ukraine.

On 11 January 2024, independent member of the Supervisory Board M.V. Stetsenko was elected Chairperson of the Supervisory Board, and member of the Supervisory Board M.V. Grinchenko was elected Deputy Chairperson of the Supervisory Board.

When electing members of the Supervisory Board, together with information on each candidate (details of the shareholder and the size of the shareholding owned by such shareholder), the ballot for cumulative voting shall specify whether the candidate is a shareholder, a representative of a shareholder or group of shareholders (with details of such shareholder or shareholders), or a candidate for the position of independent member. A member of the Supervisory Board elected as a representative of a shareholder or group of shareholders may be replaced by such shareholder or group of shareholders at any time.

At least half of the members of the Supervisory Board, including the Chairperson of the Supervisory Board, must have not less than three years' experience in the banking and/or financial sector.

Members of the Supervisory Board must have higher education, comply with the requirements of the legislation of Ukraine, as well as qualification requirements regarding professional suitability and business reputation. The National Bank of Ukraine determines compliance with professional suitability and business reputation in accordance with the procedure established by the legislation of Ukraine.

Members of the Supervisory Board must comply with the qualification requirements throughout their term of office, and independent members of the Supervisory Board must also comply with the independence requirements.

Election of members of the Supervisory Board shall be carried out exclusively by cumulative voting in accordance with the procedure established by the legislation of Ukraine, except where the Bank has a sole shareholder. Candidates for membership of the Supervisory Board shall be submitted to the General Meeting of Shareholders by the Bank's shareholders.

Members of the Supervisory Board are elected by the General Meeting of Shareholders of the Bank for a term not exceeding three years. In accordance with Decision No. 154 of the National Securities and Stock Market Commission dated 16 February 2023 "On determining the specific features of holding general meetings of joint stock companies and general meetings of participants of corporate investment funds during martial law", «if the term of office of members of the governing bodies of a joint stock company expires during martial law, their powers shall be deemed extended until the date on which the general meeting of shareholders of the joint stock company adopts a decision on the election of members of the governing bodies of the joint stock company».

Members of the Supervisory Board are elected by shareholders at the General Meeting of Shareholders for a term not exceeding three years.

If the number of members of the Supervisory Board whose powers remain effective is less than half of its total composition determined in accordance with the requirements of the law, the Bank must convene the General Meeting of Shareholders within three months to elect the remaining members of the Supervisory Board, and where members of the Supervisory Board are elected by cumulative voting, to elect the full composition of the Bank's Supervisory Board.

Persons elected as members of the Supervisory Board may be re-elected an unlimited number of times.

The powers of a member of the Supervisory Board elected by cumulative voting may, by decision of the General Meeting of Shareholders, be terminated early only if the powers of the entire composition of the Supervisory Board are simultaneously terminated. In such case, the decision to terminate the powers of the members of the Supervisory Board shall be adopted by the General Meeting of Shareholders by a simple majority of the votes of shareholders registered for participation in the meeting and holding voting shares on the relevant issue. The provisions of this paragraph shall not apply to the right of a shareholder (shareholders) whose representative has been elected to the Supervisory Board to replace its representative who is a member of the Supervisory Board.

The Chairperson and members of the Bank's Supervisory Board assume office after approval by the National Bank of Ukraine.

A member of the Supervisory Board may not be a manager, officer and/or member of the board of another bank or other governing body of another bank registered in Ukraine, except in cases provided for by the legislation of Ukraine.

A member of the Supervisory Board must perform his or her duties personally and may not transfer his or her powers to another person.

Members of the Supervisory Board may be paid remuneration for their activities. The procedure for payment of remuneration to members of the Supervisory Board shall be established in accordance with the legislation of Ukraine.

Chairperson of the Supervisory Board

The Chairperson of the Supervisory Board shall be elected by the members of the Supervisory Board from among themselves by a simple majority of votes of the total number of members of the Supervisory Board. The Supervisory Board has the right to elect a new Chairperson of the Supervisory Board at any time.

A member of the Supervisory Board who served as Chairperson of the Management Board during the preceding year may not be elected Chairperson of the Supervisory Board.

The Chairperson of the Supervisory Board:

- organises the work of the Supervisory Board, convenes its meetings and chairs them;
- approves the agenda of meetings of the Supervisory Board;
- organises the keeping of minutes of meetings of the Supervisory Board;
- organises the work on establishment of committees of the Supervisory Board, nomination of members of the Supervisory Board to such committees, and coordinates the activities and interrelations of the committees among themselves and with other bodies and officers of the Bank;
- prepares a report and reports to the General Meeting of Shareholders on the activities of the Supervisory Board, the overall condition of the Bank and the measures taken by it to achieve the Bank's purpose;
- maintains ongoing contacts with other bodies and officers of the Bank;
- exercises other powers provided for by the legislation in force and the Bank's Charter and necessary to ensure the work of the Supervisory Board;
- exercises other powers provided for by the Charter, the Regulation on the Supervisory Board, the legislation in force and necessary to ensure the work of the Supervisory Board.

Where the Chairperson of the Supervisory Board is unable to perform his or her powers, such powers shall be exercised by one of the members of the Supervisory Board pursuant to its decision, unless otherwise provided by the Charter or the Regulation on the Supervisory Board.

Members of the Supervisory Board have the right to:

- 1) participate in meetings of the Bank's Management Board;
- 2) receive full, accurate and timely information about the Bank necessary for the performance of their functions;
- 3) review the Bank's documents, receive copies thereof, as well as copies of documents of the Bank's subsidiaries. The above information and documents shall

be provided to members of the Supervisory Board within 5 (five) days from the date the Bank receives the relevant request addressed to the Chairperson of the Bank's Management Board;

- 4) require, where necessary, the convening of extraordinary meetings of the Bank's Supervisory Board;
- 5) provide written comments on decisions of the Bank's Supervisory Board.

Duties of members of the Supervisory Board:

- 1) act in the interests of the Bank in good faith and reasonably and not exceed their powers; the duty to act in good faith and reasonably means the need to demonstrate diligence, prudence and due care that would be exercised by a person in such position under similar circumstances;
- 2) comply with the requirements of the legislation of Ukraine, the provisions of the Bank's Charter and other documents of the Bank;
- 3) comply with decisions adopted by the General Meeting of Shareholders and the Bank's Supervisory Board;
- 4) personally participate in meetings of the Supervisory Board and in the work of the committees of the Supervisory Board; notify in advance of any inability to participate in meetings of the Supervisory Board, stating the reason for absence;
- 5) comply with the rules and procedures established in the Bank regarding transactions in which they have an interest (conflict of interest);
- 6) comply with all rules established in the Bank relating to the circulation, security and safekeeping of restricted-access information. They shall not disclose confidential and insider information, as well as information constituting banking secrecy, which became known to them in connection with the performance of the functions of a member of the Supervisory Board, to persons who do not have access to such information, nor use it in their own interests or in the interests of third parties;
- 7) notify the Supervisory Board and the Bank's Management Board in writing within 3 (three) days of loss of the status of shareholder of the Bank;
- 8) refrain from actions that may result in an independent member of the Supervisory Board losing his or her independence. In the event of loss of independence, a member of the Supervisory Board shall notify the Supervisory Board and the Bank's Management Board in writing within 3 (three) days;
- 9) provide the General Meeting of Shareholders and the Supervisory Board with full and accurate information on the Bank's activities and financial condition in a timely manner.

The members of the Bank's Supervisory Board comply with the requirements regarding professional suitability and business reputation established by the Law of Ukraine "On Banks and Banking Activity", regulations of the National Bank of Ukraine, the Charter and internal documents of the Bank, while the independent members of the Supervisory Board also comply with the independence requirements established by the Law of Ukraine "On Joint Stock Companies".

The members of the Supervisory Board possess sufficient knowledge, skills and experience for effective performance of their functions; no conflicts of interest (including potential conflicts) or indications of lack of impeccable business reputation have been identified,

and they have sufficient time to perform their functions taking into account the duties of each member of the Bank's Supervisory Board.

Remuneration to members of the Supervisory Board is paid in accordance with the Regulation on Remuneration of Members of the Bank's Supervisory Board in the amounts determined by decisions of the General Meeting of Shareholders of the Bank (decisions of the sole shareholder) and is disclosed in the Bank's Annual Financial Statements for 2025 (Note 22 "Administrative and other operating expenses"). All members of the Supervisory Board are paid fixed remuneration at market level, including allowances for performing the functions of the Chairperson and Deputy Chairperson of the Supervisory Board.

In 2025, fixed remuneration was paid to members of the Supervisory Board (6 persons) in cash in the amount of UAH 6,336 thousand (2024: UAH 6,319 thousand). Non-cash remuneration to members of the Supervisory Board was provided in the form of insurance premiums under a voluntary liability insurance agreement in the amount of UAH 835 thousand (2024: UAH 758 thousand). No variable remuneration to members of the Supervisory Board in non-cash instruments was paid in 2025. The timing of remuneration payments was not deferred, and payments were made on time. There were no instances of the Bank exercising any right to reduce / cancel / reclaim variable remuneration previously paid to members of management bodies or key persons.

The ratio of the average remuneration of a member of the executive body and the board to the average remuneration of the Bank's employees (excluding members of the Management Board) is 2.39.

The report on remuneration of members of the Supervisory Board is attached as a separate document.

Based on the results of the assessment of compliance of members of the Supervisory Board with the requirements established by the legislation of Ukraine, carried out by the Bank in 2025:

- 1) the members of the Bank's Supervisory Board have higher education and substantial experience in the financial sector and adopt balanced decisions, which demonstrates their competence and effectiveness, as confirmed by the Bank's performance during the reporting year;
- 2) the members of the Bank's Supervisory Board comply with the requirements of the legislation of Ukraine, as well as with qualification requirements regarding professional suitability and business reputation throughout the period of holding their respective positions, while the independent members of the Supervisory Board also comply with the requirements regarding their independence;
- 3) the members of the Supervisory Board do not hold the citizenship (nationality) of a state carrying out armed aggression against Ukraine;
- 4) no facts were identified of the members of the Bank's Supervisory Board directly and/or indirectly, individually or jointly with others, acquiring a share in a legal entity that is registered in, is a tax resident of, or is located in the aggressor state and/or has a separate subdivision in the aggressor state, and/or holding a position in, and/or being in employment relations with, and/or providing services under a civil law contract to, a legal entity that is registered in, is a tax resident of, or is located in the aggressor state, and/or holding a position in a governing body of a legal entity that directly and/or indirectly holds a share in a legal entity that is registered in, is a tax resident of, or is located in the aggressor state and/or has a separate subdivision in the aggressor state;

- 5) the members of the Supervisory Board are not members of the Bank's Management Board;
- 6) the members of the Management Board are not members of the Bank's Supervisory Board;
- 7) the members of the Bank's Supervisory Board have an impeccable business reputation and are not participants in, or members of the governing bodies of, a legal entity competing with the Bank's activities;
- 8) no facts were identified of violations by members of the Bank's Supervisory Board of internal documents that resulted in damage to the Bank or its customers;
- 9) no facts were identified of enforcement measures being applied by public authorities to members of the Bank's Supervisory Board;
- 10) no facts were identified of any conflict of interest, including potential conflicts of interest, that had not been disclosed and/or in respect of which appropriate measures had not been taken.

The Supervisory Board's report for 2025 is attached as a separate document.

7.7. THE MANAGEMENT BOARD OF THE BANK. GENERAL DESCRIPTION OF THE DECISIONS TAKEN.

The Management Board is the Bank's permanent collegiate executive body, which manages the Bank's day-to-day activities, resolves matters within the scope of competence defined by the legislation of Ukraine, the Bank's Charter and the Regulation on the Management Board and is responsible for the efficiency of the Bank's operations in accordance with the applicable legislation and the Charter.

The competence of the Management Board includes resolution of all matters related to the management of the Bank's day-to-day activities, except for matters falling within the exclusive competence of the General Meeting of Shareholders and the Bank's Supervisory Board. The General Meeting of Shareholders and the Supervisory Board may decide to delegate part of their powers to the competence of the Management Board, except for powers assigned by the legislation of Ukraine and the Bank's Charter to the exclusive competence of each of these governing bodies of the Bank.

As at 1 January 2025, the Bank's Management Board had the following composition:

The Chairperson of the Management Board:	Korchynska S. A.
The Deputy Chairperson of the Management Board:	Dvorzhanska I. Y.
The members of the Management Board:	Burovsky A. S. Kokodynskyi V. O. Galchevskii Y.V.

As at 31 December 2025, the Bank's Management Board had the following composition:

The Chairperson of the Management Board:	Korchynska S. A.
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The Deputy Chairperson of the Management Board:

Dvorzhanska I. Y.

The members of the Management Board:

Burovsky A. S.

Kokodynskyi V. O.

Galchevskii Y.V.

Petrychenko A.S.

During 2025, changes took place in the composition of the Bank's Management Board. On 13 February 2025, the Bank's Supervisory Board appointed Alina Serhiivna Petrychenko as a member of the Management Board; she assumed office following approval by the National Bank of Ukraine on 15 April 2025.

The organisational form of work of the Management Board is meetings, at which, during 2025, it adopted decisions within the scope of competence defined by the Bank's Charter and the Regulation on the Management Board.

During 2025, 30 meetings of the Management Board were held, including joint meetings with the Bank's Supervisory Board, and in the period between meetings of the Management Board, 11 decisions were adopted without convening meetings through absentee voting (polling) of the members of the Management Board. All meetings of the Management Board that were held were quorate.

During 2025, the Management Board carried out activities and adopted, inter alia, decisions in the following areas:

1. Review of the Bank's Development Strategy for 2025–2027, the Bank's Business Development Plan for 2025–2027, and the budgets of the Internal Audit Function, the Risk Management Function and the Compliance Function of the Bank for 2025, as approved by the Supervisory Board;
2. Review of the Bank's financial performance;
3. Approval of the list of the Bank's related parties;
4. Review of financial performance reports;
5. Review of reports on the Bank's overall risk assessment;
6. Review of reports on the results of subsequent internal control performed based on monitoring of the internal control system;
7. Review of the assessment of the effectiveness of the operational risk management system and the internal control system based on monitoring performed;
8. Review of the General Report on assessment of non-financial risks for 2024;
9. Review of reports of the responsible officer for financial monitoring matters;
10. Review of the report on correctness of risk limit calculations;
11. Approval of the schedule for the Bank's subsequent internal control;
12. Review of the assessment of the effectiveness and adequacy of measures taken by the Bank to ensure the functioning of a proper risk management system and internal control system in the area of prevention of money laundering, terrorist financing and/or financing of proliferation of weapons of mass destruction;
13. Review of the report on assessment of the level of compliance risk;

14. Determination of the interest rate on the Bank's bonds;
15. Approval of the Report of the Management Board of JOINT STOCK COMPANY "BANK AVANGARD" on the results of the Bank's financial and operating activities for 2024 (including the report on assessment of the Management Board's performance);
16. Review of the Report on control over transactions with members of the banking group and reporting of the banking group;
17. Approval of risk limits;
18. Resolution of other matters falling within the competence of the Management Board in accordance with the legislation of Ukraine and the Bank's Charter.

The Management Board consists of the Chairperson of the Management Board, the Deputy Chairperson (Deputy Chairpersons) of the Management Board and members of the Management Board. The Management Board is headed by the Chairperson of the Management Board. In accordance with the Bank's Charter, the Management Board shall consist of not fewer than 5 (five) and not more than 7 (seven) persons.

The Chairperson of the Management Board, the Deputy Chairperson of the Management Board and other members of the Management Board may be any natural persons who have full legal capacity, are not members of the Supervisory Board, are employees of the Bank and satisfy other requirements stipulated by the legislation of Ukraine. Members of the Management Board must have a complete higher education in economics, management or law; not less than three years of experience in the banking system in the relevant field; an impeccable business reputation; and must not hold the citizenship (nationality) of a state carrying out armed aggression against Ukraine.

The Chairperson of the Management Board, the Deputy Chairperson of the Management Board and other members of the Management Board are appointed to their positions and may be dismissed early or temporarily suspended from office by decision of the Supervisory Board. The decision on appointment of the Chairperson of the Management Board, the Deputy Chairperson of the Management Board and other members of the Management Board shall be adopted by the Supervisory Board in accordance with the procedure established by the Charter and internal documents of the Bank.

The Chairperson of the Management Board assumes office after approval by the National Bank of Ukraine. The National Bank of Ukraine determines the compliance of other members of the Management Board with professional suitability and business reputation requirements.

The Management Board is elected for an indefinite term unless otherwise determined by the appointment decision, the Charter or the legislation of Ukraine.

Termination of authority of members of the Management Board. The powers of the Chairperson of the Management Board, the Deputy Chairperson of the Management Board and other members of the Management Board shall be terminated by decision of the Supervisory Board simultaneously with adoption of a decision on appointment of the Chairperson of the Management Board or a person who will temporarily perform his or her powers. The grounds for termination of authority of the Chairperson of the Management Board, the Deputy Chairperson of the Management Board and other members of the Management Board are established by the legislation of Ukraine and by the contracts concluded with the Chairperson of the Management Board, the Deputy Chairperson of the Management Board and other members of the Management Board.

The Chairperson of the Management Board is elected by the Supervisory Board. The powers, rights and duties of the Chairperson of the Management Board are defined by the legislation of Ukraine, the Charter and the Regulation on the Management Board.

The Chairperson of the Management Board manages and organises the work of the Management Board, convenes meetings and ensures that minutes of meetings are kept.

The Chairperson of the Management Board has the right, inter alia, but not limited, to:

- act on behalf of the Bank without a power of attorney, including representing the Bank's interests before state institutions, enterprises of all forms of ownership and public organisations, and before all law enforcement and supervisory authorities; enter into transactions on behalf of the Bank and perform all legally significant acts; conclude and sign agreements and contracts;
- represent the Bank without authorisation, including in relations with other business entities and individuals both within Ukraine and abroad;
- issue powers of attorney on behalf of the Bank;
- allocate duties among members of the Bank's Management Board;
- issue orders and instructions binding on all employees of the Bank;
- hire and dismiss employees of the Bank, apply incentive measures to them and impose disciplinary sanctions in accordance with the legislation of Ukraine, the Charter and internal documents of the Bank;
- establish the forms, systems and procedure for remuneration of the Bank's employees in accordance with the legislation of Ukraine, approve the Bank's staffing schedule and the staffing schedules of separate subdivisions, and determine the amount of salaries of all employees of the Bank;
- sign the collective agreement on behalf of the Bank;
- approve job descriptions of the Bank's employees;
- take measures for pre-trial settlement of disputes, sign claims, complaints and all documents relating to court proceedings, represent the Bank's interests before courts with all rights granted by law to a claimant, defendant or third party, including the right to fully or partially withdraw claims, acknowledge claims, amend the subject matter of a claim, conclude settlement agreements, appeal court decisions, submit enforcement documents for collection, or issue a power of attorney to another person to perform the relevant actions;
- participate in meetings of the Supervisory Board with an advisory vote;
- perform other functions necessary to ensure the Bank's day-to-day activities.

The Chairperson of the Management Board bears personal responsibility for the Bank's activities. The Chairperson of the Management Board may not head the Bank's structural subdivisions.

In the event of temporary absence of the Chairperson of the Management Board, performance of the duties of the Chairperson of the Management Board may be assigned to the Deputy Chairperson of the Management Board on the basis of an order of the Chairperson of the Management Board. The person temporarily entrusted with the duties of the Chairperson of the Management Board during his or her absence shall have all powers of the Chairperson of the Management Board of the Bank provided by the legislation of Ukraine, the Charter and the Regulation on the Management Board, including acting on behalf of the Bank without a power of attorney and representing its interests before all institutions, enterprises and organisations.

If the Chairperson of the Management Board has not been appointed, the acting Chairperson of the Management Board shall be appointed by the Supervisory Board.

Members of the Management Board have the right to:

- 1) receive full, accurate and timely information about the Bank necessary for performance of their functions;
- 2) independently and collectively as members of the Management Board resolve matters of operational management of the Bank's activities falling within their authority and functional duties;
- 3) submit proposals, participate in discussions and vote on agenda items at meetings of the Management Board;
- 4) initiate the convening of meetings of the Management Board;
- 5) provide written comments on decisions of the Management Board;
- 6) require the convening of extraordinary meetings of the Supervisory Board;
- 7) receive fair remuneration for performance of the functions of a member of the Management Board, the amount of which is established by the Supervisory Board.

Duties of members of the Management Board:

- 1) act in the interests of the Bank in good faith, reasonably and within the limits of their authority;
- 2) be guided in their activities by the legislation of Ukraine, the Charter, this Regulation and other internal documents of the Bank;
- 3) comply with decisions adopted by the General Meeting of Shareholders and the Supervisory Board;
- 4) personally participate in meetings of the Management Board (including remotely), and also attend General Meetings of Shareholders upon invitation of the Chairperson of the Supervisory Board or the person convening such meetings. Where attendance at a General Meeting of Shareholders is not possible, notify in advance the person from whom the invitation was received, stating the reasons for such inability;
- 5) attend meetings of the Supervisory Board upon invitation of the Chairperson or a member of the Supervisory Board. Where attendance at a meeting of the Supervisory Board is not possible, notify in advance the person from whom the invitation was received, stating the reasons for such inability;
- 6) be members of the Bank's credit committees in accordance with the procedures established in the Bank;
- 7) when the Bank enters into related party transactions or transactions involving a conflict of interest, comply with the rules and requirements established by law for entering into such transactions;
- 8) comply with the rules established in the Bank relating to the circulation, security and safekeeping of restricted-access information. They shall not disclose banking secrecy, confidential information or insider information that became known to them through performance of the functions of a member of the Management Board to persons who do not have access to such information, nor use such information in their own interests or in the interests of other persons;
- 9) prepare for meetings of the Management Board in a timely manner, in particular by reviewing materials prepared for the meeting, collecting and analysing additional information and, where necessary, obtaining advice from specialists;

- 10) manage certain assigned areas of the Bank's activities and direct the activities of subordinated structural subdivisions of the Bank in accordance with the distribution of duties among members of the Management Board;
- 11) provide the General Meeting of Shareholders, the Supervisory Board, all members of the Management Board, and the Bank's internal and external auditors with full and accurate information about the Bank's activities and financial position in a timely manner.

The functional duties of each member of the Management Board are determined by the relevant job description, the agreement (contract) concluded with him or her, and the orders and instructions of the Chairperson of the Management Board.

During 2025, the following committees of the Management Board operated in the Bank:

- Credit Committee
- Tariff Committee
- Asset and Liability Management Committee
- Financial Monitoring Committee

Composition of the committees as at 31 December 2025:

Credit Committee:

- Chairperson: I.Ya. Dvorzhanska
- Deputy Chairperson of the Committee: A.S. Burovskyi
- Members: S.A. Korchynska, V.O. Kokodynskyi, Yu.Yu. Krokhmal

During 2025, 53 meetings of the Credit Committee were held, and in the period between meetings of the Credit Committee, 7 decisions were adopted without convening meetings through absentee voting (polling) of the members of the Credit Committee. All meetings of the committee that were held were quorate.

During 2025, the Credit Committee carried out activities and adopted, inter alia, decisions in the following areas:

- 1) Determination, as at the reporting date, of the fair value of securities measured at fair value through other comprehensive income and their revaluation;
- 2) Review of the classification of credit exposures and components of credit risk (EAD, PD, LGD, CCF) for the calculation of credit risk, as well as the amount of credit risk for the Bank's active operations; classification of financial instruments with determination of PD, LGD and CCF for the calculation of the allowance for expected credit losses on financial instruments, IFRS 9 measurement models for financial assets and financial liabilities, and the amount of the allowance for expected credit losses on financial instruments;
- 3) Monitoring of credit risk for the loan portfolio as a whole;
- 4) Review of the report on monitoring of investments in equity instruments and the conclusion based on the results of such monitoring;
- 5) Terms of the Bank's lending transactions and amendments thereto;
- 6) Approval of interbank lending limits;

- 7) Review of impaired financial assets for the existence of criteria for write-off of such assets against valuation reserves;
- 8) Review of loans in 2025.

Tariff Committee:

- Chairperson: I.Ya. Dvorzhanska
- Deputy Chairperson of the Committee: A.S. Burovskiy
- Members: S.A. Korchynska, V.O. Kokodynskiy, Yu.Yu. Krokhmal

During 2025, 9 meetings of the Tariff Committee were held, and in the period between meetings of the Tariff Committee, 1 decision was adopted without convening a meeting through absentee voting (polling) of the members of the Tariff Committee. All meetings of the committee that were held were quorate.

During 2025, the Tariff Committee carried out activities and adopted, inter alia, decisions in the following areas:

- 1) Tariff setting for the IBAN Pay service;
- 2) Amendments to tariff packages for corporate customers;
- 3) Amendments to tariff packages for private customers;
- 4) Review of tariffs for non-bank financial institutions that are not participants in the NBU's SEP;
- 5) Review of individual terms for legal entities.

Asset and Liability Management Committee:

- Chairperson: I.Ya. Dvorzhanska
- Deputy Chairperson of the Committee: A.S. Burovskiy
- Members: S.A. Korchynska, V.O. Kokodynskiy, Yu.Yu. Krokhmal

During 2025, 16 meetings of the Asset and Liability Management Committee were held, and in the period between meetings of the Asset and Liability Management Committee, 1 decision was adopted without convening a meeting through absentee voting (polling) of the members of the Asset and Liability Management Committee. All meetings of the committee that were held were quorate.

During 2025, the Asset and Liability Management Committee carried out activities and adopted, inter alia, decisions in the following areas:

- 1) Review of analyses of structural liquidity, information on weighted average interest rates for attraction and placement of funds, factor analyses of interest rate risk, assessments of liquidity risk, assessments of interest rate risk in the banking book, assessments of market risk, assessments of concentration risk, monitoring of early warning indicators of a liquidity crisis, and recommendations on risk management;
- 2) Review of information on monitoring of adequacy of internal liquidity;
- 3) Review of stress testing results and recommendations of the Risk Management Function;
- 4) Review of changes in interest rates on deposits of individuals;
- 5) Review of changes in interest rates on deposits of legal entities;
- 6) Review of individual terms for legal entities;

7) Revision of interest rates.

Financial Monitoring Committee:

- Chairperson: A.S. Petrychenko
- Members: N.V. Sira, I.Ya. Dvorzhanska, O.V. Starostenko, V.A. Velychko, N.V. Tarasenko, V.O. Kokodynskyi, T.Yu. Shapoval

In 2025, 4 meetings of the Bank's Financial Monitoring Committee were held. All meetings of the committee that were held were quorate.

During 2025, the Financial Monitoring Committee carried out activities and adopted decisions in the following areas:

- 1) Results of monitoring of business relationships with customers, which identified suspicious customer activity, and proposals for necessary measures in respect of such customers in order to minimise ML/TF risks.
- 2) Issues related to proposals to refuse continuation of business relationships with customers (including where a customer is assigned an unacceptably high risk level).
- 3) Problematic issues arising in the course of customer due diligence procedures in the Bank.
- 4) Changes in the legislation of Ukraine on AML/CFT matters and measures to be taken by the Bank in connection with such changes (including updates to the Bank's internal documents on prevention of money laundering / terrorist financing), with indication of the deadlines for taking such measures.
- 5) Results of assessment of new banking products/services and the ML/TF risks inherent therein.
- 6) Problematic issues arising during training activities for the Bank's employees on financial monitoring matters.
- 7) Problematic issues related to establishing and/or servicing business relationships with PEPs.
- 8) Other issues relating to the Bank's compliance with the legislation of Ukraine in the area of prevention of money laundering / terrorist financing that require consideration.

The Chairperson and members of the Management Board comply with the qualification requirements regarding professional suitability and business reputation established by the Law of Ukraine "On Banks and Banking Activity", regulations of the National Bank of Ukraine, the Charter and internal documents of the Bank, and do not hold the citizenship (nationality) of a state carrying out armed aggression against Ukraine. The collective suitability of the Bank's Management Board corresponds to the size of the Bank, the specific features of the Bank's activities, the nature and volume of banking and other financial services, the Bank's risk profile, the Bank's systemic importance, and the activities of the banking group to which the Bank belongs.

The Chairperson and members of the Management Board possess sufficient knowledge, skills and experience for effective performance of their functions; no conflicts of interest (including potential conflicts) or indications of lack of impeccable business reputation have been identified, and they have sufficient time to perform their functions taking into account the duties of each member of the Bank's Management Board.

Based on the results of the assessment of compliance of the Chairperson and members of the Management Board with the requirements established by the legislation of Ukraine, carried out by the Bank in 2025:

- 1) The Chairperson and members of the Bank's Management Board have higher education and substantial experience in the financial sector and adopt balanced decisions, which demonstrates their competence and effectiveness, as confirmed by the Bank's performance during the reporting year;
- 2) The Chairperson and members of the Bank's Management Board comply with the requirements of the legislation of Ukraine, as well as with qualification requirements regarding professional suitability and business reputation throughout the period of holding their respective positions;
- 3) The Chairperson and members of the Bank's Management Board do not hold the citizenship (nationality) of a state carrying out armed aggression against Ukraine;
- 4) No facts were identified of the Chairperson and members of the Bank's Management Board directly and/or indirectly, individually or jointly with others, acquiring a share in a legal entity that is registered in, is a tax resident of, or is located in the aggressor state and/or has a separate subdivision in the aggressor state, and/or holding a position in, and/or being in employment relations with, and/or providing services under a civil law contract to, a legal entity that is registered in, is a tax resident of, or is located in the aggressor state, and/or holding a position in a governing body of a legal entity that directly and/or indirectly holds a share in a legal entity that is registered in, is a tax resident of, or is located in the aggressor state and/or has a separate subdivision in the aggressor state;
- 5) The Chairperson and members of the Supervisory Board are not members of the Bank's Management Board;
- 6) The Chairperson and members of the Management Board are not members of the Bank's Supervisory Board;
- 7) The Chairperson and members of the Bank's Management Board have an impeccable business reputation and are not participants in, or members of the governing bodies of, a legal entity competing with the Bank's activities;
- 8) No facts were identified of violations by the Chairperson and members of the Bank's Management Board of internal documents that resulted in damage to the Bank or its customers;
- 9) No facts were identified of enforcement measures being applied by public authorities to the Chairperson and members of the Management Board;
- 10) No facts were identified of any conflict of interest, including potential conflicts of interest, that had not been disclosed and/or in respect of which appropriate measures had not been taken;
- 11) No facts listed in paragraph 85 of the Regulation on Financial Monitoring in relation to the responsible officer for financial monitoring were identified.

Remuneration to members of the Management Board is paid in accordance with the Regulation on Remuneration of Members of the Bank's Management Board, in the amounts determined by decisions of the Bank's Supervisory Board and is disclosed in the Bank's Annual Financial Statements for 2025 (Note 22 "Administrative and other operating expenses").

In 2025, remuneration was paid to members of the Management Board (6 persons) in cash in the amount of UAH 23,695 thousand (2024: 5 persons, UAH 19,817 thousand), including the following components: variable remuneration — UAH 3,860 thousand (2024: UAH 5,467 thousand), fixed remuneration — UAH 19,835 thousand (2024: UAH 14,350 thousand). Non-cash remuneration was also paid in the form of insurance premiums: under a voluntary medical insurance contract in the amount of UAH 88 thousand (2024: UAH 68 thousand), and under a private pension provision contract in the amount of UAH 69 thousand (2024: UAH 60 thousand). No variable remuneration to members of the Management Board in non-cash instruments was paid in 2025. The timing of remuneration payments was not deferred, and payments were made on time. There were no instances of the Bank exercising any right to reduce / cancel / reclaim variable remuneration previously paid to members of management bodies or key persons.

The main performance criteria used to determine the variable portion of remuneration were as follows: professional and business qualities, performance results, complexity of completed and ongoing tasks, level of professional experience and organisational responsibility in view of job responsibilities, as well as qualifications, complexity, volume and quality of work performed, efforts made, participation in development and implementation of the Bank's mobile application, and implementation and servicing of the project on provision of settlement services to non-bank payment service providers. In assessing performance, the following criteria were also taken into account: the size and specific features of the Bank's activities, the nature and volume of banking and other financial services, the risks assumed by the Bank (the Bank's risk profile), the Bank's systemic importance and the activities of the banking group to which the Bank belongs, compliance with / implementation of the Bank's strategy, business plan, budget and risk appetite statement, the Bank's financial condition, the Bank's performance results (achievement of planned performance indicators), performance of the structural subdivision and employees, absence of negative impact on the Bank's sustainable development, compliance with the Bank's capital requirements, adequacy of the Bank's liquidity level and compliance with other prudential ratios of the Bank established in accordance with the legislation of Ukraine.

The ratio of the average remuneration of a member of the executive body and the board to the average remuneration of the Bank's employees (excluding members of the Management Board) is 2.39.

The report on remuneration of members of the Management Board is attached as a separate document.

There were no facts of breaches by members of the Management Board of internal rules that resulted in damage to the Bank or the Bank's customers.

The Management Board's report for 2025 is attached as a separate document.

7.8. RISK MANAGEMENT SYSTEM OF THE BANK.

This section sets out the Bank's objectives and policies for managing financial risks, including policies for hedging each major type of forecast transaction for which hedging instruments are used, as well as information on the issuer's exposure to price risks (market risk, interest rate risk in the banking book), credit risk, liquidity risk and/or cash flow risk.

The Bank's risk management system is aimed at ensuring the achievement of business objectives in line with the Bank's development strategy and enhancing its value, while

optimising the balance between potential opportunities and risks, the level of capital and the Bank's growth rates.

The principal instruments for achieving these objectives are the Bank's integrated risk management system, which ensures consistency of actions of all units within a single risk management strategy approved by the Bank's Supervisory Board. The development of this integrated system is aimed at maximising the concentration of risk management functions within the Bank, ensuring a continuous process of analysing the circumstances and environment in which risks arise, and adopting management decisions to influence the risks themselves and/or the level of the Bank's vulnerability (exposure) to such risks.

The Bank's risk management system is based on the principles established by regulatory authorities and the recommendations of the Basel Committee.

The allocation of functions and powers in risk management covers all organisational levels and units of the Bank. The Bank's risk management structure provides for the participation of the Supervisory Board, the Management Board, specialised committees, the Risk Management Function, the Chief Risk Officer, the Compliance Function, the Chief Compliance Officer and the Bank's structural units in the risk management process.

Overall oversight over the implementation of risk management in the Bank is exercised by the Bank's Supervisory Board, while implementation of the risk management system is carried out by the Bank's Management Board.

The Asset and Liability Management Committee determines the optimal balance sheet structure, plans financial performance indicators and monitors their fulfilment, reviews the cost of funding sources, and monitors liquidity risk, interest rate risk in the banking book and market risk.

The Credit Committee manages lending and investment activities and monitors credit risks associated with individual customers and with the lending and investment portfolio as a whole.

The Tariff Committee regulates fee income and analyses the competitiveness of existing tariffs.

The Financial Monitoring Committee ensures implementation of the Bank's policy for managing money laundering / terrorist financing risks.

The Risk Management Function and the Head of the Risk Management Function (Chief Risk Officer) perform quantitative and qualitative assessment of operational risks to which the Bank is exposed, or which may arise in its activities in the future and monitor the status and magnitude of such risks.

The Compliance Function and the Head of the Compliance Function (Chief Compliance Officer) perform quantitative and qualitative assessment of compliance risks to which the Bank is exposed, or which may arise in its activities in the future and monitor the status and magnitude of such risks.

The Bank performs quantitative and qualitative assessment of the risks to which the Bank is exposed, or which may arise in its activities in the future, and monitors the status and magnitude of significant risks, namely:

- credit risk;
- liquidity risk;
- interest rate risk in the banking book;
- market risk;
- operational risk;
- compliance risk;
- other significant risks (reputational risk, strategic risk, and professional activity risk in the stock market).

The Bank has approved an internal document that defines the aggregate level of risk appetite, the types of risks that the Bank will accept or avoid in order to achieve its business objectives, and the level of risk appetite for each of them (individual level), namely the Risk Appetite Statement for 2025–2026 (Supervisory Board Resolution No. 16 dated 18 March 2025) (the “Statement”).

The Bank's Statement reflects:

- the Bank's main approaches to risk management;
- the aggregate level of risk appetite and the types of risks that the Bank intends to assume and retain in order to achieve its business objectives;
- the maximum level of risk acceptable to the Bank (Risk Capacity), based on available resources (capital and liquidity needs) and taking into account the need to comply with the requirements of the National Bank of Ukraine and obligations to investors, depositors, other creditors and shareholders;
- the Bank's quantitative and qualitative risk appetite indicators, which are determined taking into account the Bank's compliance with the established regulatory capital adequacy and liquidity ratios;
- the level of risk appetite for each type of risk (individual level), which forms the basis for setting limits, as well as the minimum list of quantitative and qualitative risk appetite indicators for each type of risk;
- the approaches and list of assumptions used by the Bank in determining risk appetite indicators;
- the types of risks that the Bank should avoid;
- internal and external factors and constraints affecting the Bank's assumption of risks.

The Bank's Supervisory Board has determined the aggregate (overall) level of risk appetite based on compliance with prudential capital ratios at levels above:

- 25% – RCR;
- 18% – CET1 capital adequacy ratio;
- 16.125% – Tier 1 capital adequacy ratio.

Accordingly, the combined impact on the Bank of all significant risks assumed by the Bank must not reduce the Bank's prudential capital ratios below the above levels.

The Bank's overall risk appetite is also defined from the perspective of losses acceptable to the Bank for achieving its business objectives, which is determined taking into account the probability of such risks materialising, and is analysed simultaneously with the assessment of compliance with risk appetite in terms of prudential capital ratios and in terms of individual values for specific types of risks. The overall risk appetite from the perspective of acceptable

losses is set at 7% of the Bank's regulatory capital, which is consistent with the Bank's business model.

The Internal Audit Function assesses whether risk management systems are adequate to the Bank's needs.

The Bank's structural units perform day-to-day management of risks related to their activities in accordance with established risk tolerance levels and limits and are responsible for the results of assuming such risks. The Bank continuously improves the risk management system review process and ensures timely updating of the Bank's internal regulatory framework in the event of changes in legislative, regulatory or normative requirements, the Bank's organisational structure, or changes in the Bank's level of risk tolerance.

The Bank has not established a Revision Commission and does not have the position of Auditor.

The Bank does not adopt a separate policy for insurance of each major type of forecast transaction. At the same time, the Bank uses the following measures to reduce (minimise / neutralise / mitigate) risks and eliminate adverse consequences of risk materialisation:

- risk reduction (limits, diversification, hedging);
- risk retention (creation of reserves);
- risk avoidance (rejection of transactions).

Significant risk factors that affected the financial institution's operations during the year:

- Internal factors

Weaknesses: small capital base; low risk appetite (which materially reduces profitability during periods of a systemic decline in market interest rates); limited opportunities to open new direct correspondent accounts; narrow specialisation (which limits the ability to offer comprehensive customer service); insufficiently developed mechanisms for attracting new customers; insufficient use of the Bank's operating capacity due to lack of transaction volumes; rising CIR; and the Bank's brand being used by commissioned media to discredit the founders.

Strengths: a 21st century bank in terms of its philosophy; high asset quality; narrow specialisation (MM, FX, FI); high liquidity and capital adequacy ratios; the well-known brand of the Bank's owner, its success story and excellent business reputation; modern IT, IT architecture and information security; international certificates of conformity for the quality management system and the information security management system; availability of the full range of licences required to conduct banking, foreign exchange and securities transactions; optimal organisational structure and high operating efficiency; low risk appetite (which enhances asset quality and the overall reliability of the Bank); the possibility of attracting new customers through a new sales channel, namely the mobile application; highly professional staff.

- External factors

Threats: political and economic instability; military aggression by the Russian Federation; inability of some borrowers to service loans; deterioration in payment discipline due to the closure of many enterprises, loss of income sources by individuals (including refugees), and forced relocation of millions of citizens of Ukraine; shortcomings of the country's judicial system; frequent changes in banking regulation legislation; a decline in yields on domestic government bonds, which may lead to

the introduction of new products that, in addition to higher profitability, will also involve a higher level of risk; a decline in business activity of customers and potential counterparties against the backdrop of military aggression by the Russian Federation; disruption of business activity due to possible blackouts caused by armed attacks on the country's energy system; and artificial deterioration of the Bank's business reputation by commissioned media against the backdrop of an imperfect judicial system, which may limit the Bank's ability to expand business relationships.

Opportunities: a market niche in banking services that remains largely free from competitors (especially in relation to currency forwards, domestic government bond transactions, etc.); use of all opportunities provided by existing licences; established long-term business relationships with customers and counterparty banks; the Bank's successful operations throughout its existence strengthen confidence in the Bank; development of digital technologies and transition to electronic document management increase the speed and reliability of the Bank's services and their competitiveness; the transactional nature of the business allows the development of high-tech products; and the synergistic effect of cooperation with the ICU Group broker in respect of domestic government bond transactions of private investors.

7.9. SYSTEM OF INTERNAL CONTROL AND RISK MANAGEMENT.

The Bank has established an effective internal control system (the "Internal Control System" or the "ICS") and issuer risk management system, which consists of:

- process integration (embedding controls into processes);
- regular risk assessment;
- development and implementation of measures, followed by assessment of their effectiveness.

The core principles of the Bank's internal control system are as follows:

- effectiveness and efficiency, consisting in the organisation of an ongoing process embedded in the Bank's day-to-day activities and understood at all levels of the Bank;
- early risk prevention, consisting in ensuring effective risk management;
- segregation of duties, consisting in avoiding situations in which one person exercises full control over a function or line of activity of the Bank (separation of control functions from the conduct of the Bank's operations);
- comprehensiveness, consisting in covering all areas of the Bank's activities;
- timeliness, consisting in creating an ICS that makes it possible to obtain information about the threat of losses to the Bank before such losses are incurred;
- independence, consisting in separating the functions of assessing the effectiveness of the ICS from the functions of its organisation and operation;
- confidentiality, consisting in preventing disclosure of information to persons not authorised to receive it.

In order to ensure effective operations, the Bank has established ongoing control over:

- compliance by the Bank's employees with legislation, regulations and standards of professional activity;
- prevention of conflicts of interest;
- ensuring an appropriate level of reliability consistent with the nature and scale of the Bank's operations and minimisation of banking risks.

The subjects of the Bank's internal control system are:

- the Bank's Supervisory Board;
- the Bank's Management Board;
- the Internal Audit Function;
- the Head of the Risk Management Function (Chief Risk Officer) and the Risk Management Function;
- the Head of the Compliance Function (Chief Compliance Officer) and the Compliance Function;
- the Chief Accountant and his/her deputies (if any);
- heads and employees of the Bank's units (Functions) that perform internal control in accordance with the powers defined by the Bank's internal documents (regulations, process maps, procedures, job descriptions, regulations on the Bank's

structural/separate subdivisions, and decisions of collegiate bodies and the Bank's management).

The structure of the Bank's internal control system includes:

- Risk detection, identification and assessment, including identification and analysis of significant risks in order to determine control measures/procedures for managing such risks.
- Control measures / control procedures — actions necessary to minimise risks (defined by the Bank's internal documents). The Bank's control measures operate at all organisational levels, in the performance of any functions by the Supervisory Board, the Management Board, and heads and employees of the Functions.
- Information / reporting and communication — information on identified risks must be documented and timely communicated to:
 - o the Bank's Supervisory Board and Management Board for management decision-making;
 - o the Bank's units / authorised employees responsible for risk mitigation and control, for improving the internal control system and conducting control procedures, staff training, execution of control procedures, and preparation of conclusions and proposals for the Bank's management on improving controls.
- Monitoring, which makes it possible to assess the quality and effectiveness of the internal control system.

The Bank ensures the functioning of the internal control system through:

- oversight by the Bank's management (the Supervisory Board and the Management Board) over compliance with the legislation of Ukraine and the Bank's internal procedures (compliance);
- segregation of duties in the course of the Bank's operations;
- oversight over the functioning of the risk management system;
- control over information security and information exchange;
- implementation of internal control procedures;
- monitoring of the effectiveness of the ICS;
- implementation of internal audit procedures.

The Bank's organisational structure is designed so as to clearly define duties, powers, functions and responsibilities in the areas of implementation, assessment and management of internal control, as set out in the regulations governing the Bank's governing bodies, regulations on units, and job descriptions of members of the Management Board and the Bank's employees.

The Bank's Management Board ensures the development of regulations for all structural units of the Bank and submits them to the Bank's Supervisory Board for approval.

The Chairperson of the Management Board ensures the development and approval of job descriptions for all employees of the Bank, providing for a full description of all functions, tasks and duties of employees.

The regulations governing the Bank's processes/operations, procedures, banking products, as well as descriptions of all Bank processes with process maps, define segregation of duties in the course of the Bank's processes/operations, including in respect of internal control.

The Bank's Management Board implements internal control procedures across all areas of the Bank's activities, in all processes and at all levels, including through staff training in the fundamentals and rules of the internal control system and risk management, including compliance, information security and financial monitoring.

The Bank implements and maintains a process of independent assessment of the adequacy of internal control through implementation of internal audit procedures.

The Bank has introduced a management information system and a reporting system for internal control and risk management.

The processes for monitoring the functioning of the internal control system provide for periodic review of the results of monitoring of the effectiveness of the internal control system (at least once per quarter) by the Bank's management — the Management Board and the Supervisory Board of the Bank (including, but not limited to, functioning of the risk management system, information security and information exchange, and compliance with the legislation of Ukraine and the Bank's internal procedures / compliance).

The Bank has implemented the following forms of control:

- **Preliminary control** — performed before the Bank's operations are carried out;
- **Current control** — performed during the Bank's operations and includes control over compliance with legislative acts and the Bank's internal documents governing such operations, correctness of data entry into the Bank's software, the procedure for decision-making in respect of such operations, control over complete, timely and accurate recognition of operations in accounting and reporting, and control over safeguarding of the Bank's property;
- **Subsequent control** — performed after the Bank's operations have been carried out and consists in verifying the validity and correctness of operations, compliance of documents with established formats and execution requirements, compliance of employees' duties with their job descriptions, identifying causes of violations and deficiencies and determining measures for their remediation, monitoring fulfilment of planned performance indicators set out in the Bank's development strategy, business plans and budget, and verifying completeness and accuracy of financial, statistical, management, tax and other reporting prepared by the Bank;
- **Internal audit control** — performance of scheduled audits by the Internal Audit Function for the purpose of independent assessment and control of the effectiveness of the internal control system, the implemented system of management and control of banking risks, as well as the quality of process organisation and execution of operations by process participants, etc.

The Bank has implemented a three-level internal control system:

First level — heads and employees of the Bank's units (control over day-to-day operations), including the Bank's Management Board and its specialised committees;

Second level — the Risk Management Function and the Compliance Function (when monitoring the effectiveness of the internal control system and performing reviews within the framework of monitoring of the internal control system);

Third level — the Internal Audit Function (performance of periodic reviews of the Bank's activities and assessment of the effectiveness of the internal control system).

7.10. THE QUALITY MANAGEMENT SYSTEM.

The Bank regularly performs a review of the Quality Management System (hereinafter, the "QMS") in accordance with the requirements of the Regulation on the Quality Management System of JSC "BANK AVANGARD". During the review, the following are considered:

- the status of actions taken following the previous QMS review;
- changes in external and internal factors during the reporting period relevant to the QMS;
- information on the performance of the QMS, including:
 - customer satisfaction, which is assessed monthly through the preparation of customer ratings based on various indicators;
 - the degree of achievement of QMS objectives for the reporting period;
 - the effectiveness of processes and conformity of banking products, based on users' conclusions regarding the quality and timeliness of management reporting;
 - identified non-conformities and corrective actions taken, as recorded in reports based on subsequent control of the internal control system and in the incident database;
 - the results of monitoring and measurement of the QMS, as recorded in reports based on subsequent control of the internal control system;
 - results of audits (reviews);
 - the performance of external service providers;
- the adequacy of resources to ensure the functioning and development of the QMS;
- the assessment of the effectiveness of controls identified as a result of non-financial risk assessment;
- the results of monthly assessments of credit risk and liquidity risk;
- the results of quarterly stress testing of all types of risks;
- opportunities for improving the quality of the Bank's processes and products.

Based on the results of the review of the Quality Management System for 2025, it was concluded that:

- the organisation and functioning of the QMS of JSC "BANK AVANGARD" do not require any significant changes;
- the level of QMS resourcing is adequate;
- the following may be identified as areas for improvement of the QMS:
 - further implementation of automation of transaction processing and reduction of customer payment order processing time;
 - expansion of the use of electronic document management in banking products;
 - introduction of feedback mechanisms for external and internal customers of the Bank's processes;
 - implementation of additional controls over processes in which realised risk events were recorded;
 - provision of external training on the requirements of ISO 19011.

7.11. INTERNAL AUDIT SERVICE.

The Internal Audit Function is an independent structural unit of the Bank, forms part of the internal control system and is subordinated and accountable to the Bank's Supervisory Board. As at 1 January 2026, the Internal Audit Function comprised 2 employees, including the Head of the Internal Audit Function.

During 2025, the Internal Audit Function performed the following work:

- audits in accordance with the approved Audit Plan for 2025;
- support of the external audit of the annual financial statements in accordance with international standards (AC «CROWE UKRAINE» LLC);
- preparation of quarterly reporting for the Management Board and the Supervisory Board;
- monitoring of the incident database;
- other current activities.

During 2025, the Internal Audit Function performed thematic audits in accordance with the annual plan approved by the Supervisory Board. All planned audits were completed. Particular attention during audit engagements was given to the effectiveness of the internal control system and to banking operations in respect of which the Bank may be exposed to significant risks.

Based on the results of audit engagements performed in 2025, no recommendations were issued.

The Bank's internal documents governing internal audit procedures comply with the requirements of the National Bank's regulations, in particular the Regulation on the Organisation of Internal Audit in Banks of Ukraine approved by Resolution of the National Bank of Ukraine No. 311 dated 10 May 2016. Internal audit procedures are performed in compliance with the Bank's internal documents and the requirements of the National Bank's regulations.

7.12. EXTERNAL AUDITOR OF THE BANK.

By resolution of the Bank's Supervisory Board (Minutes No. 9 dated 30 September 2025), the external auditor, the audit firm AC «CROWE UKRAINE» LLC, was appointed to provide audit services in respect of the Bank's 2025 financial statements.

With regard to the activities of AC «CROWE UKRAINE» LLC:

- total audit experience: more than 15 years;
- number of years during which AC «CROWE UKRAINE» LLC has provided audit services to the Bank: the 6th year;
- there were no cases of conflict of interest and/or performance of internal audit functions during the period of cooperation with the Bank;
- there were no sanctions imposed on AC «CROWE UKRAINE» LLC by the Audit Chamber of Ukraine during the year, and no instances of unreliable reporting by the financial institution confirmed by an audit opinion were identified by the authorities regulating financial services markets;
- there were no recommendations from the authorities regulating financial services markets regarding the audit opinion.

During 2025, AC «CROWE UKRAINE» LLC did not provide any other services to the Bank.

7.13. KEY PROVISIONS OF THE BANK'S INFORMATION DISCLOSURE POLICY.

The Bank discloses regular and inside information about the Bank as an issuer in the form, scope and within the time limits established by the legislation of Ukraine, including regulations of the National Securities and Stock Market Commission, including by:

1. publishing such information on its own website as a capital markets participant and/or a professional participant in organised commodity markets;
2. submitting such information to the National Securities and Stock Market Commission.

Regular information about the issuer comprises annual and interim reporting information on the results of the issuer's financial and operating activities, which is disclosed in the capital markets and organised commodity markets, including through submission to the National Securities and Stock Market Commission.

The reporting period for preparation of the issuer's annual information is the calendar year. Annual information about the issuer constitutes regulated information and is subject to disclosure by the issuer no later than 30 April of the year following the reporting year. The issuer's annual information is published on the Bank's official website and remains publicly available for at least 10 years following its disclosure.

The reporting period for preparation of the issuer's interim information is a quarter. Interim information about the issuer is prepared as at the end of the last day of the quarter. Interim information about the issuer constitutes regulated information and is subject to disclosure by the issuer no later than the last day of the month following the reporting quarter, except for interim consolidated financial statements, which are subject to disclosure no later than the last day of the second month following the reporting quarter. Interim information about the issuer is published on the Bank's official website and remains publicly available for at least 10 years following its disclosure.

The time limits, procedure and forms for disclosure of inside information about the issuer and additional details contained in such information are established by the National Securities and Stock Market Commission.

7.14. CORPORATE SECRETARY.

The Corporate Secretary is an officer responsible for implementation of high corporate governance standards in the Bank's activities, effective day-to-day interaction of the Bank with shareholders and other investors, support of the effective operation of the Supervisory Board and the General Meeting of Shareholders of the Bank, ensuring effective cooperation between the Bank, the Supervisory Board and the Bank's shareholders, as well as performance of other functions in accordance with the legislation of Ukraine and the Bank's Charter.

The activities of the Corporate Secretary are supervised and regulated by the Bank's Supervisory Board in accordance with the legislation of Ukraine, the Bank's Charter, the Regulation on the Supervisory Board and the Regulation on the Corporate Secretary.

The Corporate Secretary reports to the Supervisory Board and is independent in the performance of his or her functions: the Corporate Secretary may not be a member of any of the Bank's governing bodies or otherwise be related to the Bank, except through the performance of the functions of Corporate Secretary.

An employment contract or a civil law contract shall be concluded with the Corporate Secretary, which may only be remunerated. The terms of such contract shall be approved

by the Bank's Supervisory Board. The contract on behalf of the Bank shall be signed by a person authorised by the Bank's Supervisory Board.

The Bank's Supervisory Board exercises its powers to supervise and regulate the activities of the Corporate Secretary by:

1. approving the Regulation on the Corporate Secretary;
2. electing the Corporate Secretary;
3. entering into, on behalf of the Bank, an employment contract or a civil law contract with the person elected to the position of Corporate Secretary;
4. giving direct oral and written instructions regarding the performance by the Corporate Secretary of his or her duties;
5. adopting a decision on termination of authority and termination of the contract with the Corporate Secretary in the event of failure to perform or improper performance of his or her duties.

The election and termination of authority of the Corporate Secretary shall be carried out by the Bank's Supervisory Board. The term of office of the Corporate Secretary shall be determined by a decision of the Supervisory Board. If such term is not specified by a decision of the Supervisory Board or by the Bank's Charter, the term of office of the Corporate Secretary shall continue until termination pursuant to a decision of the Bank's Supervisory Board. The same person may be elected as Corporate Secretary more than once.

The powers of the Corporate Secretary shall become effective from the date of appointment and shall terminate on the date of appointment of a new Corporate Secretary or on the date of termination of the Corporate Secretary's powers in the cases provided for by the Regulation on the Corporate Secretary and the legislation of Ukraine.

A person elected to the position of Corporate Secretary must meet the requirements for professional suitability, business reputation, conflict of interest and independence applicable to the Corporate Secretary.

Requirements for the professional suitability of the Corporate Secretary. The professional suitability of the Corporate Secretary is defined as the combination of personal qualities/competencies, knowledge, professional and managerial experience necessary for the proper performance of official duties, taking into account the specific nature of the Bank's activities.

The Corporate Secretary must:

1. have higher education not lower than the first level (Bachelor's degree). Higher education in Law, Economics, Management, Finance, Banking, Insurance and the Stock Market is recommended;
2. have specialised knowledge and skills in the field of corporate law and corporate governance;
3. maintain an adequate level of knowledge and professional suitability on an ongoing basis;
4. have at least three years of work experience in a business company in a position involving support of the activities of a business company or other business entity in the specialisations referred to in subparagraph 1 above, experience of legal support in the area of corporate governance, including under a civil law contract or as part of the governing bodies of a business company, or in companies and/or institutions participating in capital markets or

other financial markets, or in state authorities regulating capital markets and other state authorities;

5. be able to devote sufficient time to the performance of his or her duties.

The following documents may be provided as evidence of the professional suitability of the Corporate Secretary and compliance with other requirements: employment record book/electronic employment record book, diplomas, certificates, attestations, qualification certificates, and other documents obtained at previous places of work and in the course of professional development.

The Corporate Secretary must possess the following knowledge and ability to apply:

1. the legislation of Ukraine in the field of corporate law and corporate governance;
2. the Bank's Corporate Governance Code.

Requirements regarding business reputation, conflict of interest and independence of the Corporate Secretary.

The business reputation of the Bank's Corporate Secretary is the totality of documented information about an individual that makes it possible to conclude whether that person's activities comply with legal requirements, business practice and professional ethics, as well as whether that individual possesses integrity and appropriate professional and managerial abilities.

A person holding the position of Corporate Secretary of the Bank must not have an outstanding or unexpunged criminal record for criminal offences against property, crimes in the sphere of official or business activity, and must comply with the requirements and restrictions established by Articles 88–90 of the Law of Ukraine "On Joint Stock Companies" for officers of the bodies of a joint stock company.

In addition, the business reputation of the Bank's Corporate Secretary must meet the following requirements:

1. the person's business reputation is impeccable within the meaning of the Law of Ukraine "On Prevention and Counteraction to Legalisation (Laundering) of the Proceeds of Crime, Terrorist Financing and Financing of the Proliferation of Weapons of Mass Destruction";
2. the person has not committed violations of banking, financial or foreign exchange legislation, legislation on financial monitoring, legislation on capital markets and organised commodity markets, legislation on joint stock companies or consumer protection legislation, established in accordance with the procedure prescribed by law, for which relevant penalties have been imposed;
3. the person has not been deprived, in accordance with the procedure established by law, of the right to hold certain positions or engage in certain activities (a person shall be deemed not deprived of the right to hold certain positions or engage in certain activities upon expiry of the period for which such deprivation was imposed).

The existence of signs of non-compliance with the above requirements shall be determined for the last five calendar years preceding the assessment of the person's business reputation, unless a different period of validity of the relevant sign is established in the content of such signs.

The Corporate Secretary must not have a conflict of interest within the meaning of the Law of Ukraine "On Joint Stock Companies", or such conflict of interest must be capable of being settled in accordance with Section V of the Law of Ukraine "On Prevention of Corruption".

The National Bank of Ukraine may establish additional requirements for the corporate secretary of a bank.

All information regarding the compliance of a candidate for the position of Corporate Secretary with Decision No. 1089 of the National Securities and Stock Market Commission dated 28 September 2023 "On Approval of the Requirements for the Corporate Secretary of a Joint Stock Company" and with the Regulation on the Corporate Secretary must be reviewed by the Nomination and Remuneration Committee of the Bank's Supervisory Board upon appointment or re-election to the position of the Bank's Corporate Secretary and taken into account by the Supervisory Board when adopting the relevant decision. Where the Corporate Secretary is elected for an indefinite term, the Nomination and Remuneration Committee of the Bank's Supervisory Board shall annually, in accordance with the procedure established by the Bank's internal documents on verification of compliance of the Bank's managers with the requirements established by the legislation of Ukraine, assess the Corporate Secretary for compliance with the Requirements and the Regulation on the Corporate Secretary and report the results to the Bank's Supervisory Board.

Procedure for the Bank Supervisory Board's assessment of a candidate for the position of Corporate Secretary.

The Supervisory Board shall consider the proposal regarding the candidate for Corporate Secretary, the results of the review of information on the candidate's compliance performed by the Nomination and Remuneration Committee of the Bank's Supervisory Board, as well as its recommendations regarding appointment of the person to the position, and, if necessary, shall organise a repeated verification of the information provided and hold preliminary discussions with the candidate regarding performance of the functions of the Corporate Secretary.

The decision on election and termination of authority of the Corporate Secretary shall be adopted by the Supervisory Board by a simple majority of votes in accordance with the procedure established by the Charter and the Regulation on the Supervisory Board.

By decision of the Supervisory Board, the powers of the Corporate Secretary may be terminated at any time and on any grounds, or the Corporate Secretary may be temporarily suspended from performing his or her powers. A decision of the Supervisory Board on termination of the powers of the Corporate Secretary shall constitute grounds for termination of the contract concluded with the Corporate Secretary. The decision on termination of authority must set out the grounds for such termination.

Without a decision of the Supervisory Board, the powers of the Corporate Secretary shall terminate early in the following cases:

1. at his or her own request, provided that the Bank is notified in writing two weeks in advance;
2. in the event of inability to perform the duties of the Corporate Secretary due to health reasons;
3. upon entry into legal force of a judgment or court decision sentencing the Corporate Secretary to a punishment that precludes the possibility of performing the duties of the Corporate Secretary;
4. in the event of death, recognition as legally incapable, partially capable, missing or deceased;
5. in other cases provided by the Bank's Charter and/or the legislation of Ukraine.

No other officer of the Bank may act as Corporate Secretary.

The competence of the Corporate Secretary includes:

1. ensuring that the corporate governance system, the Charter and the Bank's internal documents comply with best corporate governance practices and the legislation of Ukraine; providing opinions to the Bank's bodies and developing proposals for improvement of corporate governance and for bringing the Bank's internal documents and procedures into line with the Corporate Governance Code and the legislation of Ukraine;
2. providing shareholders and/or investors and other stakeholders with information on the Bank's activities, as well as providing the Bank's Charter, the Bank's internal regulations (including amendments thereto) and other documents, in cases provided for by the legislation of Ukraine, for review by persons entitled thereto under the legislation of Ukraine;
3. cooperating with the Chairperson of the Supervisory Board, assisting the Supervisory Board and the committees of the Supervisory Board in the performance of their duties by carrying out secretary functions, providing assistance and advice, and ensuring all resources necessary for the performance of their functions;
4. developing, amending and submitting to the Supervisory Board for review and approval the annual schedule of meetings of the Supervisory Board;
5. ensuring preparation, convening and holding of General Meetings of Shareholders, performing the functions of secretary of the General Meeting of Shareholders and preparing the minutes of the General Meeting of Shareholders;
6. preparing and organising meetings of the Supervisory Board and committees of the Supervisory Board, performing the functions of secretary of the Supervisory Board / committees of the Supervisory Board, and preparing minutes / decisions of meetings of the Supervisory Board / committees of the Supervisory Board;
7. organising the process of self-assessment of the Supervisory Board and its members, preparing questionnaires and providing information on the results of such self-assessment to the Supervisory Board;
8. ensuring compliance with procedures for assessment of the professional suitability and business reputation of the Bank's managers, in particular members of the Management Board and Supervisory Board, and certain employees of the Bank, and with collective suitability requirements;
9. developing, agreeing and submitting for approval the regulation on remuneration of the Supervisory Board and its annual review, and organising compliance with reporting requirements regarding remuneration of the Supervisory Board, the Management Board and key persons of the Bank;
10. providing advisory and practical assistance to the Bank's shareholders, including explaining shareholders' rights and reviewing shareholders' requests; organising work with the Bank's shareholders on matters relating to the issue of shares, formation and accounting of the Bank's share capital, transactions with the Bank's shares, payment of dividends, etc.;
11. participating in preparation of the Bank's public information disclosed on the Bank's own website, including inside and regular information, or preparing such information;
12. taking measures within his or her competence to prevent the occurrence of corporate conflicts;
13. participating in preparation, or preparing draft explanations for shareholders or investors on the exercise of their rights, and providing replies to requests from shareholders or investors;

14. preparing and certifying extracts from the minutes of meetings of the Supervisory Board and the General Meeting of Shareholders of the Bank;
15. reporting to the Supervisory Board on the results of his or her activities;
16. diligently performing the tasks assigned to the Corporate Secretary, complying with all requirements of the legislation of Ukraine, regulations of the National Bank of Ukraine and the Bank's internal documents, in particular the Bank's Sustainability Policy, treating the Bank's property with due care and maintaining constructive business relations within the Bank's staff;
17. performing other functions provided for by the legislation in force and the Bank's Charter.

The Corporate Secretary has the right of access to any documents of the Bank within the scope of his or her competence.

The Corporate Secretary independently organises his or her work in accordance with plans and current tasks.

The Supervisory Board may appoint a person who will temporarily perform the duties of the Corporate Secretary in the event of his or her temporary absence (business trip, leave, temporary incapacity for work, etc.).

Corporate Secretary O.Yu. Khodak was elected (appointed) by the Bank's Supervisory Board to the position with effect from 27 July 2023 (Resolution of the Bank's Supervisory Board No. 4 dated 13 July 2023). The Corporate Secretary is an officer of the Bank, is not a member of any of the Bank's governing bodies and is not related to the Bank other than through performance of the functions of Corporate Secretary.

Corporate Secretary's Report

On the performance of the tasks and duties of the Corporate Secretary:

During 2025, the Corporate Secretary:

1. ensured that the corporate governance system, the Bank's Charter and internal documents complied with best corporate governance practices and the requirements of the legislation of Ukraine;
2. provided information on the Bank's activities to stakeholders;
3. cooperated with the Chairperson of the Supervisory Board, assisted the Supervisory Board and its committees in the performance of their duties by acting as secretary, provided assistance and advice, and ensured that they had all resources necessary for the performance of their functions;
4. ensured preparation and drafting of the decision of the Bank's sole shareholder;
5. ensured the development, amendment and submission to the Supervisory Board for consideration and approval of the annual plan of meetings of the Supervisory Board;
6. prepared and arranged meetings of the Supervisory Board and its committees, performed the functions of secretary of the Supervisory Board / committees of the Supervisory Board, and prepared minutes / decisions of meetings of the Supervisory Board / committees of the Supervisory Board;
7. organised the process of self-assessment of the Supervisory Board and its members, preparation of questionnaires, and submission of information on the results of self-assessment to the Supervisory Board;

8. ensured compliance with procedures relating to the assessment of professional suitability and business reputation of the Bank's managers, in particular members of the Management Board and the Supervisory Board, and certain employees of the Bank, as well as collective suitability requirements;
9. developed, coordinated and submitted for approval the regulation on remuneration of the Supervisory Board and its annual review, and organised compliance with reporting requirements regarding remuneration of the Supervisory Board, the Management Board and key persons of the Bank;
10. participated in the preparation of the Bank's public information disclosed on the Bank's website, including inside and regular information;
11. prepared and certified extracts from the minutes of meetings of the Supervisory Board;
12. reported to the Supervisory Board on the results of his/her activities;
13. diligently performed the tasks assigned to the Corporate Secretary, complied with all requirements of the legislation of Ukraine, regulations of the National Bank of Ukraine and the Bank's internal documents, including the Bank's Sustainability Policy, treated the Bank's property with due care, and maintained constructive business relations within the Bank's staff;
14. performed other functions provided for by applicable legislation and the Bank's Charter.

On compliance by the Bank's governing bodies with internal corporate procedures:

During 2025, the Bank's governing bodies complied with the Bank's internal corporate procedures and the Bank's Corporate Governance Code.

The Bank's governing bodies ensured:

- compliance with transparent rules and decision-making procedures;
- adherence to the principles of effective management and a proper system of reporting and internal control;
- growth in the value of the Bank's assets and maintenance of financial stability and profitability.

The Management Board ensured that the Bank's activities complied with the requirements of the legislation, decisions of the sole shareholder and decisions of the Bank's Supervisory Board.

The Bank's managers complied with their duties of care and loyalty towards the Bank in accordance with the legislation of Ukraine and sought to achieve financial transparency of the Bank and enhance the effectiveness of the Supervisory Board and the Management Board.

On the Bank's compliance, as a securities issuer, with legal information disclosure requirements:

In accordance with the requirements of the Regulation on Disclosure of Information by Securities Issuers and by Persons Providing Security for Such Securities, approved by Resolution of the National Securities and Stock Market Commission No. 608 dated 6 June 2023 (the "NSSMC Regulation No. 608"), the Bank ensured timely disclosure of the Bank's regular and inside information, namely:

1. Regular (interim) information of the Bank:

- Interim information of JSC "BANK AVANGARD" for Q4 2025 (publication date: 30 January 2026; date of registration of the electronic document by the entity: 30 January 2026; outgoing registration number of the electronic document: No. 1);
- Interim information of JSC "BANK AVANGARD" for Q3 2025 (publication date: 31 October 2025; date of registration of the electronic document by the entity: 31 October 2025; outgoing registration number of the electronic document: No. 1);
- Interim information of JSC "BANK AVANGARD" for Q2 2025 (publication date: 30 July 2025; date of registration of the electronic document by the entity: 30 July 2025; outgoing registration number of the electronic document: No. 1);
- Interim information of JSC "BANK AVANGARD" for Q1 2025 (publication date: 29 April 2025; date of registration of the electronic document by the entity: 29 April 2025; outgoing registration number of the electronic document: No. 2).

The regular (interim) information was disclosed on the Bank's official website and submitted to the National Securities and Stock Market Commission in accordance with the procedure established by law.

2. Inside information of the Bank:

- Inside information / information on mortgage securities / certificates of the issuer's real estate operations fund (INFORMATION on changes in the composition of the issuer's officers) (publication date: 1 January 2026; date of registration of the electronic document by the issuer: 1 January 2026; outgoing registration number of the electronic document: No. 1);
- Inside information / information on mortgage securities / certificates of the issuer's real estate operations fund (INFORMATION on approval of the remuneration report of members of the supervisory board and/or the remuneration report of members of the executive body) (publication date: 25 November 2025; date of registration of the electronic document by the issuer: 25 November 2025; outgoing registration number of the electronic document: No. 1);
- Inside information / information on mortgage securities / certificates of the issuer's real estate operations fund (INFORMATION on approval of the remuneration report of members of the supervisory board and/or the remuneration report of members of the executive body) (publication date: 28 October 2025; date of registration of the electronic document by the issuer: 28 October 2025; outgoing registration number of the electronic document: No. 1);
- Inside information / information on mortgage securities / certificates of the issuer's real estate operations fund (INFORMATION on approval of the remuneration report of members of the supervisory board and/or the remuneration report of members of the executive body) (publication date: 27 March 2025; date of registration of the electronic document by the issuer: 27 March 2025; outgoing registration number of the electronic document: No. 1);
- Inside information / information on mortgage securities / certificates of the issuer's real estate operations fund (Information on changes in the composition of the issuer's officers) (publication date: 14 February 2025; date of registration of the electronic document by the issuer: 14 February 2025; outgoing registration number of the electronic document: No. 1).

The inside information was disclosed on the Bank's official website and submitted to the National Securities and Stock Market Commission in accordance with the procedure established by law.

On the development or amendment of internal documents governing the Bank's activities:

Work was performed on the preparation and approval by the Bank's Supervisory Board of a new version of the Regulation on the Corporate Secretary of JOINT STOCK COMPANY "BANK AVANGARD" (Supervisory Board Resolution No. 20 dated 30 December 2025).

Other:

1. During 2025, 2 decisions were adopted by the Bank's sole shareholder, WESTAL HOLDINGS LTD, namely by the trustee.
2. During 2025, 10 meetings of the Supervisory Board were held, including joint meetings with the Management Board, and in the period between meetings of the Supervisory Board, 20 decisions were adopted without convening meetings through absentee voting (polling) of the members of the Supervisory Board.
3. During 2025, 7 meetings of the Audit Committee of the Bank's Supervisory Board were held, and in the period between meetings of the Audit Committee of the Supervisory Board, 7 decisions were adopted without convening meetings through absentee voting (polling) of the committee members.
4. During 2025, 2 meetings of the Nomination and Remuneration Committee of the Bank's Supervisory Board were held, and in the period between meetings of the Nomination and Remuneration Committee of the Supervisory Board, 15 decisions were adopted without convening meetings through absentee voting (polling) of the committee members.
5. Processing of incoming correspondence and preparation of information notices to the National Bank of Ukraine, the National Securities and Stock Market Commission, and the Deposit Guarantee Fund for Individuals was ensured for the purpose of supporting the Bank's activities.
6. The Corporate Secretary successfully completed a training course of the International Compliance Association and obtained the ICA Specialist Certificate in Corporate Governance.

7.15. MAJOR TRANSACTIONS.

By resolution of the Shareholder dated 21 December 2023, effective from 1 January 2024 and until the Shareholder makes another decision canceling or changing the decision regarding the first issue of this Shareholder's decision

- a. to enter into the significant transactions (deals) each in the amount of up to UAH 500 million (inclusive) regarding the: purchase/sale/exchange and repo transactions of government securities of Ukraine, as well as foreign securities whose foreign issuers have an official rating not lower than investment grade; conducting operations of purchase / sale of foreign currency; raising funds on the interbank market; raising funds from clients, as well as carrying out credit operations that are fully secured by cash coverage and / or pledge of property rights to cash deposit in the Bank. When conducting active operations, the Bank is obliged to comply with the single counterparty outstanding limit (mandatory economic ratio N7, set by the National Bank of Ukraine) during both external settlements and the term of this operation validity, except for transactions under agreements that provide for advance payments in favor of the Bank. These restrictions do not apply to operations on the transfer of funds between the Bank's own correspondent accounts (NOSTRO accounts) in

correspondent banks, the amount (limits) of balances for which are defined by a separate decision determining the limit of the balance on the correspondent accounts. The decision in this paragraph does not apply to transactions / operations with the National Bank of Ukraine.

- b. To allow the Bank to enter into significant transactions (deals) with National Bank of Ukraine each in the amount of up to UAH 10 000 million (inclusive) regarding: conducting of active operations related to credit risk with the National Bank of Ukraine, including, but not limited to, transactions of purchase / sale of certificates of deposit of the National Bank of Ukraine, as well as operations on obtaining refinancing loans from the National Bank of Ukraine (including overnight) in accordance with the General Loan Agreement with the National Bank of Ukraine and interest rate swap transactions in accordance with the General Agreement on interest rate swap transactions with the National Bank of Ukraine, concluded in accordance with the Shareholder's decisions, which remain in force and continue to be valid.

7.16. RELATIONS WITH SHAREHOLDERS AND RELATED PARTIES, THE IMPACT OF THESE RELATIONS ON THE PERFORMANCE RESULTS AND THEIR MANAGEMENT.

During 2025, the Bank entered into transactions with related parties on an arm's length basis. Transactions with related parties were predominantly funding in nature.

The Bank did not carry out any lending transactions with the Bank's shareholder or with holders of significant participation in the Bank.

At the beginning of 2023, the Bank repaid the loan from the shareholder provided for banking operations; however, the agreement containing the credit limit remained in force until the end of 2025, which provided the Bank with additional financial resilience. In addition, confirmation of support for the Bank was received from the shareholder in the event of such need.

Information on transactions with related parties, balances on related party transactions for 2025, income and expenses from related party transactions for 2025, the total amount of loans granted to related parties and repaid by related parties during 2025, as well as other rights and obligations arising from related party transactions as at the end of the reporting period for 2025, is disclosed in the Bank's Annual Financial Statements for 2025.

7.17. PROTECTION OF THE FINANCIAL SERVICE CONSUMERS' RIGHTS BY THE BANK.

The Bank protects the rights of consumers of the Bank's services in accordance with the legislation of Ukraine, including the Laws of Ukraine "On Financial Services and Financial Companies" and "On Consumer Lending."

A customer may contact the Bank with comments, complaints and proposals relating to the Bank's activities, with an application or petition regarding the exercise of his or her rights and legitimate interests, or with a complaint regarding their violation, through a postal operator or by submitting such request in person, setting out the substance of the request in detail.

Each communication is subject to mandatory review, and a response is provided.

A request may be submitted in writing or orally.

A written request must comply with the requirements of the Law of Ukraine "On Citizens' Appeals" (the "Law"). The request must specify:

- surname, first name and patronymic;

- place of residence of the applicant;
- the substance of the issue raised;
- comments, proposals, applications or complaints, requests or demands.

A written request must be signed by the applicant (applicants) and dated.

A written request shall be sent by post or delivered to the Bank in person or through an authorised representative whose powers are documented in accordance with the law.

Address for written requests: Office 202, 3 Sholudenka Street, Kyiv 04116, Ukraine.

A customer may send a request by email to: info@avgd.ua or hotline@avgd.ua.

In addition to other requirements established by the Law, an electronic request must also specify the email address to which a response may be sent to the applicant, or details of other means of communication with the applicant. The use of an electronic digital signature when sending an electronic request is not required. A request submitted without compliance with the requirements of the Law shall be returned to the applicant with appropriate explanations no later than ten days from the date of its receipt.

The template for a written request sent by post / in electronic form is available on the Bank's official website and in a place accessible for review on the Bank's premises.

A request submitted without compliance with the requirements set out above shall be returned to the applicant with appropriate explanations no later than ten days from the date of its receipt.

The applicant shall attach to the request any decisions or copies of decisions previously adopted in response to his or her request, as well as other documents necessary for consideration of the request, which shall be returned to the applicant after review.

An oral request shall be made at a personal meeting or by means of telephone communication through the designated Bank contacts and shall be recorded (registered) by an authorised officer of the Bank.

When making an oral request, in order to ensure its effective and timely review, the applicant must provide the following information:

- surname, first name and patronymic;
- contact details: registration / residence address of the applicant, mailing address, email address, telephone number, etc.;
- an oral description of the issue that gave rise to the request.

A customer may submit an oral request (by telephone) using any of the contact details published on the Bank's official website (www.avgd.ua) or by calling: +380 (44) 222 01 01, business hours: Mon–Fri, 9:00 a.m. – 6:00 p.m.

A complaint against a decision being challenged may be submitted to the Bank within one year from the date of its adoption, but no later than one month from the date on which the person became aware of the decision. Complaints submitted after expiry of the above period shall not be considered. A missed deadline may be renewed by the Bank if there is a valid reason.

The Bank is required to consider applications (petitions) submitted to the Bank objectively and in a timely manner, verify the facts stated therein, adopt decisions in accordance with the legislation in force and ensure their implementation, and notify the applicant of the results of consideration of applications (petitions).

A request received by the Bank that complies with the requirements of the Law shall be considered by the responsible units of the Bank within a period not exceeding one month from the date of its receipt. A response shall be sent to the customer's postal address or through another channel specified by the customer (by telephone or email). If the issues raised in the request cannot be resolved within one month, an authorised person of the Bank shall determine the period necessary for its review, and the person who submitted the request shall be notified accordingly. At the same time, the total period for resolving the issues raised in the request may not exceed forty-five days.

Complaints (communications) are reviewed by the Bank's Chief Compliance Officer, Antonina Oleksandrivna Padalka.

In accordance with the Instruction on the Organisation of Consideration of Citizens' Appeals, Personal Reception and Access to Public Information at the National Bank of Ukraine, approved by Resolution of the National Bank No. 332-rsh dated 14 May 2020, a customer has the right to apply to the National Bank of Ukraine regarding the issues raised in the request, including in cases where the Bank has not responded to the request within the period established by the legislation of Ukraine for consideration of requests, or where the response received did not satisfy the customer.

Link to the "Citizens' Appeals" section of the official website of the National Bank: <https://bank.gov.ua/ua/consumer-protection/citizens-appeals>

Detailed information on the procedure for submitting requests to the National Bank of Ukraine is available at: <https://bank.gov.ua/ua/consumer-protection>

Submission of a request to the Bank or to the National Bank does not deprive the customer of the right to apply to a court in accordance with the legislation of Ukraine for protection of his or her rights and interests.

The Bank's officers bear responsibility for refusal to accept and consider a request, violation of the time limit for consideration of a request, and other violations of the customer's right to appeal in accordance with the legislation of Ukraine.

During 2025, the Bank did not receive any complaints from the Bank's customers regarding the provision of the Bank's financial services.

During 2025, there were no court claims relating to the provision of the Bank's financial services.

8. SUSTAINABILITY REPORT.

In 2025, for the purpose of analysing the Bank's compliance with ESG requirements and implementing basic management tools in accordance with ESG standards for the Bank's transition to sustainable development and alignment of its activities with such standards, the Concept for Transition to Sustainable Development and Implementation of ESG Requirements in the Bank (the "Concept") was approved. The Concept defines and regulates the purpose, principles and stages of implementation of ESG (environmental, social and governance) requirements in the Bank.

The main objectives of the transition to sustainable development are as follows:

- to create a checklist for assessing the Bank's compliance with ESG requirements;
- to conduct a self-assessment of the Bank's processes for compliance with ESG standards;
- to develop a plan for implementation of new requirements and standards;

- to implement basic tools for the transition to sustainable development and sustainable finance;
- to provide training to employees;
- to prepare a report.

In 2025, the Bank took the following measures:

1. A project team was established to implement the Concept.
2. The feasibility and appropriateness of joining the UN Global Compact in Ukraine were analysed and assessed.
3. The possibility and appropriateness of engaging external consultants for implementation of the Concept in the Bank were analysed.
4. The Bank's management and employees participated in numerous external training and advisory events on ESG matters.
5. Analysis of the Bank's processes for compliance with ESG requirements is ongoing.
6. Work is ongoing to identify inconsistencies in internal documents and to develop recommendations for specific requirements, including drafting internal ESG-related documents.

On 30 September 2025, the Bank's Supervisory Board approved the Bank's Sustainability Policy, which is a direct instrument for implementation of the strategic objectives defined in the Concept and sets out:

- the Bank's mission, vision and values in the context of sustainable development;
- the key sustainable development objectives that the Bank defines for itself and which form the basis for identifying the goals selected by the Bank for use in its activities to ensure sustainable development, in particular:
 - Contribution to Ukraine's victory;
 - Recovery of Ukraine's economy;
 - Responsible financing for environmental protection.

In addition to the above key objectives, the Bank in its activities:

- takes all measures necessary to provide customers with the best and most reliable financial services;
- promotes inclusiveness in conducting business;
- unconditionally respects human rights and ensures decent working conditions;
- follows the principles of responsible consumption for the purpose of environmental protection;
- combats economic crime, which in turn also contributes to sustainable development.

In its activities, the Bank has selected the following goals, which it will pursue to achieve sustainable development:

- Goal 3. Good health
- Goal 4. Quality education
- Goal 7. Renewable energy

- Goal 16. Peace and justice

Drafts of other internal documents (and amendments thereto), forming an embedded part of the ESG Policy and relating to separate criteria, have also been prepared, namely:

- Environmental – Green Finance Development Strategy;
 - Social – Consumer Rights Protection Policy;
 - Governance – Anti-Corruption Policy and Regulation on Prevention and Management of Conflicts of Interest.
7. Work is ongoing to analyse existing ESG reporting requirements and to agree the draft Sustainability Reporting Policy (ESG Reporting Policy).

In addition, the Bank has prepared internal documents on ESG risk management, namely the ESG Risk Management Policy and the ESG Risk Assessment Methodology.

All documents are currently under discussion and approval in accordance with the Bank's internal procedures.

8. In December 2025, amendments were made to the job descriptions of the Bank's employees, regulations on the Bank's structural units and other internal documents of the Bank with respect to the obligation to comply with the Bank's Sustainability Policy and the need to implement basic sustainable development tools in the Bank's processes.
9. Training of the Bank's managers and employees was conducted on the topic "Sustainability Policy", including testing of the knowledge acquired and documentary recording of the test results (the test result was 10 out of 10 points).

Overall, the Bank completed the measures planned for 2025 that were necessary for implementation of ESG requirements, except for: joining the UN Global Compact in Ukraine (the appropriateness of joining was reassessed) and implementation of certain basic sustainable development tools in the Bank's processes, taking into account the expectation of receiving clarifications in 2026 from the National Bank of Ukraine regarding implementation of ESG requirements in banks' activities.

On 30 June 2025, the National Bank of Ukraine approved the White Paper on Management of Environmental, Social and Governance (ESG) Risks in the Financial Sector (the "White Paper"). The White Paper outlines requirements for banks in the context of implementation of sustainable finance standards and harmonisation with EU rules.

The main requirements for banks include the following:

Integration of ESG risks into the management system. Banks must integrate ESG risk management (environmental, social and governance risks) into their corporate governance and internal control systems. This includes assessment of the impact of ESG factors on financial stability, reputation, counterparties, investments and loans.

It is necessary to develop procedures for proper assessment of risks related to ESG factors and their integration into business strategies.

Collection, analysis and disclosure of information. Banks are required to implement effective processes for collection and processing of customer information related to ESG risks.

The requirements include transparency and reporting standards with respect to ESG factors, in particular disclosure of information on the impact of the Bank's activities on the environment, social aspects and governance practices.

Regular assessment of ESG risks. Banks must regularly assess the materiality of ESG risks and their impact on the financial and reputational aspects of operations. This includes analysis of potential adverse consequences related to environmental factors (for example, carbon emissions), social factors (labour rights, social responsibility) and governance factors (corporate governance, anti-corruption).

Development of financial products taking ESG into account. Banks must adapt their products and services to the principles of sustainable development, for example by offering “green” loans or energy-efficient mortgage programmes.

The requirements relate to creation of products that help reduce environmental impact and support social responsibility.

Phased implementation of requirements. At the first stage (2025–2026), the requirements will apply exclusively to banks. Banks must adapt their internal policies and processes to ESG standards.

At the second stage (2026–2030), the requirements will be extended to other socially important financial institutions with high exposure to ESG risks.

Harmonisation with European standards. The White Paper was developed within the framework of the European Green Deal, which provides a transition to a climate-neutral economy by 2050. Banks must comply with European standards for collection, analysis and management of ESG risks.

These requirements are aimed at ensuring sustainable development, reducing the impact of ESG risks on the financial sector and the economy of Ukraine, and supporting financial stability. The White Paper forms the basis for further development of the National Bank of Ukraine’s regulations that will specify these requirements in greater detail.

Further specification of the regulator's requirements and the business practice that will develop on that basis will enable the Bank to address this area of work more quickly and effectively and to implement ESG requirements in its activities.

9. INFORMATION ON THE BANK'S LINKS WITH FOREIGN STATES IN THE RISK ZONE.

There are no individuals in the Bank's ownership structure who hold the citizenship of a foreign state in the risk zone.

There are no individuals in the Bank's ownership structure whose permanent place of residence is a foreign state in the risk zone.

There are no legal entities in the issuer's ownership structure that are registered in foreign states in the risk zone.

There are no individuals in the Bank's governing bodies who hold the citizenship of a foreign state in the risk zone.

The Bank has no other business relationships with counterparties / customers of a state in the risk zone or with counterparties / customers controlled by a state in the risk zone, other than those in respect of which appropriate measures were taken and accounts / transactions were blocked in accordance with the requirements of the legislation of Ukraine, in particular Resolution of the Board of the National Bank of Ukraine No. 18 dated 24 February 2022. All information was provided to the National Securities and Stock Market Commission in compliance with NSSMC Resolution No. 181 dated 21 February 2023.

The Bank has no subsidiaries / enterprises, branches, representative offices and/or other separate structural subdivisions in the territory of a state in the risk zone.

The Bank is not a founder, participant or shareholder of legal entities together with individuals who hold the citizenship of a foreign state in the risk zone or whose permanent place of residence is a foreign state in the risk zone, or together with legal entities registered in foreign states in the risk zone.

The Bank has no equity interests in a legal entity registered in a foreign state in the risk zone.

The Bank has no securities of a legal entity registered in a foreign state in the risk zone.

10. CONCLUSION.

During the 2025 reporting year, the Bank conducted its activities in accordance with the requirements of the Bank's Corporate Governance Code, the legislation of Ukraine and the Bank's internal documents, adhered to the strategy determined by the Bank's shareholders, and operated profitably.

11. LIST OF APPENDICES.

- Report of the Management Board of JSC "BANK AVANGARD" on the results of the Bank's financial and operating activities for 2025 (including the report on assessment of the Management Board's performance);
- Report of the Supervisory Board of JSC "BANK AVANGARD" for 2025 (including the report on assessment of the performance of the Supervisory Board and its members);
- Report on remuneration of the members of the Supervisory Board of JSC "BANK AVANGARD" for 2025;
- Report on remuneration of the members of the Management Board of JSC "BANK AVANGARD" for 2025.

Chairperson of the Management Board

Svitlana Korchynska

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR 2025

Statement of Financial Position as at 31 December 2025

(in UAH thousand)

	Notes	2025	2024
Assets			
Cash and cash equivalents	6	783 756	475 905
Loans and advances to customers	7	-	58 732
Investments in securities	8	599 494	857 411
Current income tax receivable		1 102	-
Deferred tax asset	23	215	448
Property and equipment and intangible assets	9	25 425	17 280
Right-of-use asset	9	916	48
Other financial assets	10	1	-
Other assets	11	2 359	6 416
Total assets		1 413 268	1 416 240
Liabilities			
Customer accounts	12	956 704	1 020 259
Debt securities issued	13	74 696	7 301
Current income tax liability		-	2 455
Deferred tax liabilities	23	332	-
Other financial liabilities	15	8	6 681
Other liabilities	16	20 782	22 680
Provisions for liabilities	14	658	580
Total liabilities		1 053 180	1 059 956
Equity			
Share capital	17	231 800	231 800
Retained earnings (accumulated deficit)		111 953	113 406
Reserve and other funds of the Bank		17 443	11 825
Revaluation reserves	18	(1 108)	(747)
Total equity		360 088	356 284
Total liabilities and equity		1 413 268	1 416 240

Approved for issue and signed on 27 February 2026

Chairperson of the Board _____ /Svitlana Korchynska /

Chief Accountant _____ /Nataliia Derkachenko/

Statement of profit or loss and other comprehensive income for 2025

(in UAH thousand)

	Notes	2025	2024
Interest income	20	156 034	151 343
Interest expense	20	(66 118)	(44 750)
Net interest income		89 916	106 593
Fee and commission income	21	12 968	14 694
Fee and commission expense	21	(1 446)	(1 439)
Net gain/(loss) on financial instruments at fair value through profit or loss		(1 588)	(2 015)
Net gain/(loss) on debt financial instruments at fair value through other comprehensive income		13 539	9 269
Net gain/(loss) on foreign currency transactions		3 854	1 721
Net gain/(loss) on revaluation of foreign currency		2 848	399
Net gain/(loss) from impairment of financial assets		5 124	26 235
Net gain/(loss) from decrease/(increase) in provisions for liabilities	14	(78)	264
Other operating income		-	53
Employee benefit expense	22	(70 855)	(64 985)
Depreciation and amortisation expense	22	(5 553)	(3 955)
Other administrative and operating expenses	22	(42 806)	(66 712)
Profit/(loss) before tax		5 923	20 122
Income tax expense	23	(1 758)	(9 830)
Profit/(loss) for the year		4 165	10 292
OTHER COMPREHENSIVE INCOME:			
Items of OCI that will be reclassified to profit or loss			
net change in fair value		17	2 641
Income tax relating to other comprehensive income		(378)	(287)
Other comprehensive income after tax		(361)	2 354
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3 804	12 646
Earnings per ordinary share (UAH):	24		
Basic		34,14	84,36
Diluted		34,14	84,36

Approved for issue and signed on 27 February 2026

Chairperson of the Board _____ /Svitlana Korchynska /

Chief Accountant _____ /Nataliia Derkachenko/

Statement of cash flows for 2025 (direct method)

(in UAH thousand)

	2025	2024
Cash flows from operating activities		
Interest received	240 179	238 050
Interest paid	(63 460)	(42 465)
Fee and commission income received	12 943	14 627
Fee and commission expense paid	(1 411)	(1 413)
Result from operations in derivative financial instruments	11 952	6 133
Result from foreign currency operations	3 854	1 721
Other operating income	-	53
Staff costs paid	(74 660)	(60 183)
Administrative and other operating expenses paid	(37 030)	(60 972)
Income tax paid	(5 128)	(69 088)
Cash received / (paid) from operating activities before changes in operating assets and liabilities	87 239	26 463
<i>Changes in operating assets and liabilities</i>		
Net (increase) / decrease in loans and advances to banks	-	-
Net (increase) / decrease in loans and advances to customers	61 536	12 311
Net increase / decrease in other financial assets	-	-
Net (increase) / decrease in other assets	-	-
Net increase / (decrease) in amounts due to banks	-	-
Net increase / (decrease) in customer accounts	(63 759)	146 498
Net increase / (decrease) in debt securities issued	65 000	-
Net increase / (decrease) in other financial liabilities	(6 554)	6 305
Net cash received from / (used in) operating activities	143 462	191 577
Acquisition of securities at fair value through other comprehensive income	(13 848 064)	(15 344 540)
Proceeds from sale of securities at fair value through other comprehensive income	14 005 776	15 040 041
Acquisition of securities at amortised cost	-	-
Proceeds from redemption of securities at amortised cost	-	-
Acquisition of property and equipment	(1 591)	(6 154)
Acquisition of intangible assets	(11 241)	(4 968)
Net cash received from / (used in) investing activities	144 880	(315 621)
Repayment of other borrowed funds	-	-
Net cash received from / (used in) financing activities	-	-
Effect of changes in the official exchange rate of the National Bank of Ukraine on cash and cash equivalents	16 819	18 762
Net increase / (decrease) in cash and cash equivalents	305 161	(105 282)

Cash and cash equivalents at the beginning of the year	506 631	611 913
Cash and cash equivalents at the end of the year	811 792	506 631

Approved for issue and signed on 27 February 2026

Chairperson of the Board _____ /Svitlana Korchynska /

Chief Accountant _____ /Nataliia Derkachenko/

Statement of changes in equity for the year 2025

(in UAH thousand)

	Share capital	Unregistered share capital	Reserve and other funds	Revaluation reserves	Retained earnings	Total
Balance at 31 December 2023	200 080	31 720	11 825	(3 102)	103 115	343 638
Increase in the nominal value of shares	31 720	(31 720)	-	-	-	-
Unregistered share capital	-	-	-	-	-	-
Total comprehensive income	-	-	-	2 354	10 292	12 646
Balance at 31 December 2024	231 800	-	11 825	(747)	113 406	356 284
Distribution of profit for the previous year	-	-	5 618	-	(5 618)	-
Total comprehensive income	-	-	-	(361)	4 165	3 804
Balance at 31 December 2025	231 800	-	17 443	(1 108)	111 953	360 088

Approved for issue and signed on 27 February 2026

Chairperson of the Board _____ /Svitlana Korchynska /

Chief Accountant _____ /Nataliia Derkachenko/

Note 1. General information on the Bank's activities

This report has been prepared in accordance with International Financial Reporting Standards based on the results of operations of JOINT STOCK COMPANY "BANK AVANGARD". The reporting year is 2025.

JOINT STOCK COMPANY "BANK AVANGARD" (hereinafter, the "Bank") was entered in the State Register of Banks of Ukraine on 5 July 2013 under registration No. 346. The Bank is a resident of Ukraine. The Bank's registered address is 3 Sholudenka Street, Kyiv, 04116, Ukraine.

The Bank is a member of the Deposit Guarantee Fund, the Professional Association of Capital and Derivatives Market Participants (PARD), a self-regulatory organisation of professional participants in the securities market, and UKRSWIFT.

The Bank maintains correspondent relationships with the largest banks in Ukraine and is able to settle transactions through leading international banks in all major world currencies via the S.W.I.F.T. international payments system. Since December 2013, the Bank has cooperated with LLC "Ukrainian Bureau of Credit Histories" in respect of submitting borrowers' credit history information.

In 2014, WESTAL HOLDINGS LTD (registered address: Evagora Papachristoforou, 18, Petoussis Building, Office 101b, 3030, Limassol, Republic of Cyprus) became a shareholder of the Bank. As at the reporting date, it is the holder of a qualifying holding in the Bank and directly owns 100.00% of the Bank's share capital.

The Bank's indirect holders of qualifying holdings are as follows:

- ICU Holdings Limited (registered address: Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands), which indirectly holds a 100.00% interest in the Bank through its 100.00% interest in WESTAL HOLDINGS LTD;
- NAREMIUS HOLDINGS LTD (registered address: Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands), which indirectly holds a 50.00% interest in the Bank through its 50.00% interest in ICU Holdings Limited, which in turn indirectly holds a 100.00% interest in the Bank through its 100.00% interest in WESTAL HOLDINGS LTD;
- FILTESA HOLDINGS LTD (registered address: Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands), which indirectly holds a 50.00% interest in the Bank through its 50.00% interest in ICU Holdings Limited, which in turn indirectly holds a 100.00% interest in the Bank through its 100.00% interest in WESTAL HOLDINGS LTD.

A group of persons connected by common economic interests, namely:

- Kostiantyn Stetsenko, an individual, who indirectly holds a 50.00% interest in the Bank through his 100.00% interest in NAREMIUS HOLDINGS LTD, through ICU Holdings Limited, which in turn indirectly holds a 100.00% interest in the Bank through its 100.00% interest in WESTAL HOLDINGS LTD; and
- Makar Paseniuk, an individual, who indirectly holds a 50.00% interest in the Bank through his 100.00% interest in FILTESA HOLDINGS LTD, through ICU Holdings Limited, which in turn indirectly holds a 100.00% interest in the Bank through its 100.00% interest in WESTAL HOLDINGS LTD.

The Bank's management does not hold any shares in the Bank.

Note 1. General information on the Bank's activities

On 11 February 2026, the independent rating agency IBI-Rating announced the affirmation of the long-term credit rating of JSC BANK AVANGARD at uaAAA with a stable outlook. The highest rating was also affirmed for the reliability of the Bank's deposits and for the Bank's issues of interest-bearing registered unsecured bonds. Rating report: <https://avgd.ua/wp-content/uploads/2026/02/AVNG-01-01up-short.pdf>

The Bank operates as a universal bank focused on providing comprehensive customer service and high-quality services through offering a wide range of banking services and products, with its core operations concentrated in the foreign exchange, money and capital markets, conducting transactions both on its own account and on behalf of customers. Based on the results of trading in domestic government bonds, the Bank ranked among the top five leaders by volume of concluded contracts in 2025 on the Perspektiva Stock Exchange.

According to data of PFTS Stock Exchange JSC, an affiliated member of the World Federation of Exchanges and a member of the International Association of Exchanges, the Bank's own bonds issued by JSC BANK AVANGARD (Series A) were included in the top five corporate and municipal bonds on PFTS Stock Exchange JSC in 2025.

The Bank's activities in the areas of transaction banking, money market, foreign exchange market, debt securities market and digital banking of JSC BANK AVANGARD have been certified in accordance with the international standards for quality management systems ISO 9001:2015 and information security management systems ISO/IEC 27001:2022. The Bank has implemented a business continuity management system in accordance with ISO 22301. In 2026–2028, the Bank plans to conduct its activities in accordance with anti-corruption procedures under the anti-bribery management systems standard ISO 37001.

The Bank has no branches, outlets, ATMs or separate structural subdivisions. Customer service is provided from the Head Office.

As at the end of the reporting period, the Bank's customer base comprised legal entities – business entities (142 customers), non-bank financial institutions (21 customers), individual customers (696 customers) and sole proprietors (8 customers). The Bank services 2,559 accounts and 867 customers.

The Bank's strategy

The Bank was established under a specific treasury-bank concept, focused on leveraging substantial expertise in its area of operations with maximum operating efficiency achieved through price competition and advanced technologies. At present, the Bank's principal areas of business are securities trading, interbank lending market operations and FOREX operations.

The strategic development plan of JSC BANK AVANGARD is reviewed and adjusted taking into account changes in Ukraine's economic conditions and the business environment in the banking market.

In 2026, in view of changes in market conditions, the Bank plans to maintain a domestic government bond portfolio of at least approximately UAH 600 million. The Bank intends to attract funding from counterparties on the best market terms for investment in domestic government bonds. The remaining assets will consist of funds placed with other banks and short-term loans to reliable borrowers. At the same time, 85% of the Bank's assets are placed for a term of up to 30 days, and at least 85% of assets are highly liquid, as they consist of interbank lending operations, a portfolio of domestic government bonds and balances on correspondent accounts with the most reliable banks. At least 80% of attracted funds are funds of legal entities.

Note 1. General information on the Bank's activities (continued)

To attract customers and promote the Bank's services, the Bank plans to improve all sales channels, including enhancement of the Bank's website, expansion of the functionality of the Bank's mobile application and updating of its version, information support activities (analytical reports, reviews, legal opinions and recommendations to customers, etc.), mechanisms for attracting new customers to the Bank's services, and optimisation of operating procedures, which should meet current requirements in terms of the speed and simplicity of concluding transactions and the reliability of settlements.

In the conditions of economic decline and contraction of customers' business activities, taking into account the requirements and opportunities provided by the Law of Ukraine "On Payment Services", as well as the introduction of new functions of SEP-4.1 of the National Bank of Ukraine and Ukraine's prospects of joining the Single Euro Payments Area (SEPA), the Bank is enhancing the technological capabilities of its settlement automation systems in order to develop cooperation with non-bank payment service providers and to provide them with settlement bank services. The Bank is planning connection to the SEPA infrastructure and full transition to the new SWIFT MX message format as part of the implementation of the ISO 20022 payment standard. Thus, the Bank is focused on the development of transaction banking in order to increase its customer base and generate fee and commission income.

Types of activities performed by the Bank

The Bank performs banking operations in the money and foreign exchange markets in accordance with the banking license obtained (the Bank was entered in the State Register of Banks on 5 July 2013 under No. 346; Extract from the State Register of Banks dated 16 August 2021 No. DRB-000069).

The Bank holds a license to carry out professional activities in the stock market, namely securities trading activities, specifically dealer activities (series AE No. 286807), which has been valid for an unlimited period since 22 January 2014 and which, in accordance with Resolution of the National Securities and Stock Market Commission dated 23 June 2021 No. 420, was reissued for carrying out professional activities in the capital markets involving trading in financial instruments, including dealer activities.

The Bank's activities are based on the principles of reliability, transparency, balanced financial indicators, compliance with regulations and best banking practice in the following areas:

Treasury operations: money market operations, foreign exchange market operations, securities operations, and relations with professional participants in the financial market, including banks, insurance companies and capital market financial intermediaries. Deposit-taking from the Bank's customers is regarded as money market operations, since it serves as a source of funding for the Bank's core activities. To support such funding, customer servicing and document flow related to all types of transactions and operations have been organised, including processing of payment orders and messages in the "Client-Bank" system, opening and maintenance of current accounts of customers and correspondent banks, including transfer of funds using payment instruments and crediting funds to accounts; maintenance of accounts of customers (residents and non-residents) in foreign currency and accounts of non-resident customers in the national currency of Ukraine; maintenance of correspondent accounts of banks (residents) in foreign currency; opening of correspondent accounts with authorised banks of Ukraine in foreign currency and performance of transactions through such accounts.

Note 1. General information on the Bank's activities (continued)

During 2025, the National Bank of Ukraine did not impose on the Bank any prohibitions or restrictions regarding the types of activities that the Bank may carry out in accordance with the permits and licenses granted, and there were no restrictions on the ownership of assets.

In March 2025, following a scheduled inspection, the National Bank of Ukraine, for violations of the requirements of the regulatory legal acts of the National Bank of Ukraine identified by the National Bank of Ukraine, with which the Bank disagrees, imposed on the Bank enforcement measures in the form of a written warning and a fine in the amount of UAH 278,160.00, which was paid by the Bank. The measures applied have no impact on the Bank's ability to perform its obligations and on the Bank's current operations.

On 22 January 2024, the National Bank of Ukraine temporarily prohibited, until the violation is remedied, the holders of qualifying holdings in the Bank from exercising their voting rights, and on 14 July 2025 appointed a trustee to whom it transferred the voting rights attached to the Bank's shares, as well as the right to participate in the management of the Bank.

Notwithstanding the requirements imposed by the National Bank of Ukraine on the holders of qualifying holdings in the Bank, in the opinion of the Bank's management, such requirements do not affect the Bank's financial soundness and do not create additional risks that may affect its ability to continue as a going concern, since, in accordance with the legislation of Ukraine, such measures do not result in termination of the Bank's activities and do not affect the performance of the Bank's obligations to customers, counterparties and depositors, which are fulfilled by the Bank in a timely manner and within the prescribed time limits.

Each decision of the National Bank of Ukraine relating to the Bank's shareholders and ultimate beneficial owners is being challenged or will be challenged in court, and there are sufficient grounds to expect a fair decision, taking into account the rulings of the Kyiv District Administrative Court dated 12 February 2025, 13 February 2025 and 12 March 2025, by which the administrative claims of the Bank's ultimate beneficial owners against the National Bank of Ukraine were upheld, and pursuant to which the decisions of the National Bank of Ukraine that served as the basis for depriving the holders of qualifying holdings of their voting rights were recognised as unlawful and cancelled, including the decision of the National Bank of Ukraine prohibiting them from exercising their voting rights. The defendant filed an appeal. As at the reporting date, no decision of the appellate court had been issued.

The Bank has established and maintains competent, suitable and effective Supervisory Board and Management Board, which, where necessary, consider all matters relating to the Bank's activities within their respective authority. In accordance with the legislation and the Bank's Charter, the exclusive competence of the shareholder includes the resolution of strategic matters relating to the Bank's activities, and no such matters are expected to be resolved during the period of the enforcement measure applied by the National Bank of Ukraine to the Bank. The above scope of the shareholder's authority does not require the shareholder's day-to-day involvement in the Bank's current operations and in ensuring the continuity of its activities. The vast majority of matters necessary to ensure and maintain the Bank's financial soundness and continuity of operations fall within the competence of the Supervisory Board or the Management Board of the Bank.

During the reporting year, the Bank's management did not make any decisions regarding the merger, accession, division, spin-off or transformation of the Bank, or regarding the discontinuation of any of the Bank's activities.

During 2025, there were no bankruptcy proceedings initiated against the Bank, no ruling on the Bank's financial rehabilitation was issued, and neither the Bank's supreme governing body nor any court made a decision on the liquidation or bankruptcy of the Bank. No loan or borrowing exceeding 25% of the Bank's total assets was received or granted.

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Note 1. General information on the Bank's activities (continued)**The Bank's performance indicators in 2025**

As at 31 December 2025, the Bank's assets amounted to UAH 1,413,268 thousand (as at 31 December 2024: UAH 1,416,240 thousand).

The quality of the assets of JSC BANK AVANGARD is good. Highly liquid assets continue to constitute the main component of the Bank's assets. Highly liquid assets are mainly represented by domestic government bonds and certificates of deposit issued by the National Bank of Ukraine. Balances on NOSTRO accounts are placed with resident banks.

As at 31 December 2025, the Bank's liabilities amounted to UAH 1,053,180 thousand (31 December 2024: UAH 1,059,956 thousand). The funding base is formed by customer funds, in particular short-term funds of legal entities and individuals. As at 31 December 2025, the portfolio of customer funds amounted to UAH 956,704 thousand (31 December 2024: UAH 1,020,259 thousand).

In 2021, JSC BANK AVANGARD issued and placed Series A bonds in the amount of 100,000 (one hundred thousand) units with a maturity date of 8 April 2026 and Series B bonds in the amount of 100,000 (one hundred thousand) units with a maturity date of 7 April 2027. During 2021, the Bank repurchased its own debt securities, namely Series A bonds in the amount of 77,500 (seventy-seven thousand five hundred) units with a maturity date of 8 April 2026 and Series B bonds in the amount of 97,500 (ninety-seven thousand five hundred) units with a maturity date of 7 April 2027. In the first half of 2022, the Bank repurchased its own debt securities, namely Series A bonds in the amount of 18,000 (eighteen thousand) units with a maturity date of 8 April 2026. In August 2025, the Bank sold Series A bonds in the amount of 65,000 (sixty-five thousand) units with a maturity date of 8 April 2026.

As at 31 December 2025, the total volume of bonds placed amounted to UAH 72 million.

As at 31 December 2025, the Bank's equity amounted to UAH 360,088 thousand (31 December 2024: UAH 356,284 thousand). The main component of equity is the Bank's share capital.

As at 31 December 2025, the Bank's share capital amounted to UAH 231,800 thousand (31 December 2024: UAH 231,800 thousand).

As at 31 December 2025, the Bank's regulatory capital amounted to UAH 335,299 thousand, including Tier 1 capital of UAH 335,299 thousand and Common Equity Tier 1 capital of UAH 335,299 thousand.

During the reporting period, the Bank complied with the prudential ratios of the National Bank of Ukraine, which as at 31 December 2025 had the following values:

Note 1. General information on the Bank's activities (continued)

	Required value	As at the close of business on 31 December 2025	As at the close of business on 31 December 2024
regulatory capital ratio (N1)	UAH 200 000 thousand	UAH 335 299 thousand	UAH 344 300 thousand
regulatory capital adequacy ratio (RCR)**	Not less than 8,50%	-	45,95%
	Not less than 10,00%	46,66%	-
LCRBB	100%	450,2883%	285,0938%
LCRIB	100%	582,6871%	479,3203%
NSFR	100%	1187,7795%	702,7163%

* The minimum required value of the regulatory capital adequacy ratio under the applicable legislation was 8.5% as at 31 December 2024 and 10% as at 31 December 2025.

For the purpose of monitoring banks' liquidity position, the National Bank has established the following liquidity ratios: the Liquidity Coverage Ratio (LCR), for all currencies (LCR all currencies) and in foreign currency (LCR foreign currency).

The Liquidity Coverage Ratio (LCR) is a liquidity ratio that establishes the minimum required level of liquidity to cover net expected cash outflows over 30 calendar days under a stress scenario (the "net expected cash outflow").

The Bank calculates the Liquidity Coverage Ratio (LCR) on a daily basis as the ratio of high-quality liquid assets to net expected cash outflows.

The Net Stable Funding Ratio (NSFR) is a liquidity ratio that establishes the minimum required level of stable funding for the Bank's activities over a one-year horizon. The Bank calculates the Net Stable Funding Ratio (NSFR) as the ratio of available stable funding (ASF) to required stable funding (RSF).

Based on the results of 2025, the Bank's operations are profitable, and net profit amounted to UAH 4,165 thousand.

Bank management

The supreme governing body of the Bank is the General Meeting of Shareholders. The Bank has established an effective Supervisory Board, which is a collegial body of the Bank and exercises effective oversight over the activities of the Management Board and protects the rights of depositors, other creditors and shareholders of the Bank in accordance with the Bank's Charter, the Regulation on the Supervisory Board of the Bank and the legislation of Ukraine. The Supervisory Board of the Bank does not participate in the current management of the Bank.

In accordance with the requirements of the applicable legislation and the Bank's Charter, the exclusive competence of the Supervisory Board includes:

1) approval of the Regulation on the Management Board of the Bank, regulations on the Internal Audit Service, the Risk Management Service, the Compliance Service, the Corporate Secretary, the standing and temporary committees of the Supervisory Board, other internal regulations governing the activities of the Bank's structural subdivisions, and other internal documents, the approval of which, in accordance with the requirements of the applicable legislation of Ukraine, falls within the competence of the Supervisory Board; approval of regulations governing the Bank's activities, except for those falling within the exclusive competence of the General Meeting of Shareholders and those which, by decision of the Supervisory Board, have been delegated to the Management Board of the Bank for approval;

Note 1. General information on the Bank's activities (continued)

- 2) convening the General Meeting of Shareholders, preparation and approval of the draft agenda and the agenda of the General Meeting of Shareholders, adoption of a decision on the date of its holding and on inclusion of proposals in the draft agenda, except where extraordinary General Meetings of Shareholders are convened by shareholders;
- 3) review of the report of the Management Board and approval of measures based on the results of its review, adoption of decisions following the review of the report of the Management Board;
- 4) appointment and termination of powers of the Chairperson and members of the Management Board, as well as adoption of a decision on the quantitative composition of the Management Board;
- 5) appointment and dismissal from office (termination of powers) of the head of the Internal Audit Service (internal auditor) of the Bank, the Chief Risk Officer and the Chief Compliance Officer;
- 6) approval of the terms of employment agreements (contracts) entered into with the members of the Management Board, the head and employees of the Internal Audit Service of the Bank, the Chief Risk Officer and the Chief Compliance Officer, determination of the amount of their remuneration, including incentive and compensation payments; determination of the person authorised to sign contracts (agreements) on behalf of the Bank with the Chairperson and members of the Management Board of the Bank;
- 7) adoption of a decision on suspension of the Chairperson of the Management Board or a member of the Management Board from the exercise of powers, and on appointment of a person who will temporarily exercise the powers of the Chairperson of the Management Board;
- 8) selection of the audit firm to perform the external audit of the Bank, including the annual audit of the financial statements, and approval of the terms of the agreement entered into with the audit firm, determination of the amount of fees payable for its services, and election of the person authorised to sign such agreement with the audit entity;
- 9) review of the external audit opinion of the Bank and preparation (submission) of recommendations to the General Meeting of Shareholders for adoption of a decision regarding the external audit opinion;
- 10) adoption of a decision on granting consent for the Bank to enter into significant transactions or related party transactions in cases established by the legislation of Ukraine;
- 11) election of the Corporate Secretary and approval of the Regulation on the Corporate Secretary;
- 12) establishment of temporary and standing committees of the Supervisory Board, determination of their composition, powers and other matters relating to their functioning, review of reports (opinions) of the temporary and standing committees of the Supervisory Board;
- 13) approval and monitoring of the implementation of the Bank's strategy, business plan, recovery plans, Bank financing plans in crisis situations, and ensuring the continuity of the Bank's operations;
- 14) ensuring the functioning of and monitoring the effectiveness of the Bank's comprehensive and adequate internal control system, including the risk management system and internal audit;

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Note 1. General information on the Bank's activities (continued)

- 15) determination of the Bank's credit policy;
- 16) control over remediation of deficiencies identified by the National Bank of Ukraine and other state authorities and administrative bodies which, within their competence, supervise the Bank's activities, by the Internal Audit Service, and by the audit firm based on the results of the external audit;
- 17) determination of the Bank's remuneration policy in accordance with the requirements established by the National Bank of Ukraine, as well as monitoring of its implementation;
- 18) approval of the regulation on remuneration of the members of the Management Board; approval of the report on remuneration of the members of the Management Board;
- 19) annual assessment of the effectiveness of the activities of the Supervisory Board of the Bank as a whole and of each member of the Supervisory Board of the Bank individually, of the committees of the Supervisory Board of the Bank, assessment of the compliance of the collective suitability of the Supervisory Board of the Bank with the size of the Bank, the complexity, scope, types and nature of the operations carried out by the Bank, the organisational structure and the risk profile of the Bank, taking into account the specific features of the Bank's activities and/or the activities of the banking group of which the Bank is a member, as well as taking measures to improve the functioning mechanisms of the Bank's Board based on the results of such assessment;
- 20) annual assessment of the effectiveness of the activities of the Management Board of the Bank as a whole and of each member of the Management Board of the Bank individually, of the Risk Management Service, the Compliance Service and the Internal Audit Service of the Bank, assessment of the compliance of the members of the Management Board of the Bank, the Chief Risk Officer, the Chief Compliance Officer and the Head of the Internal Audit Service with qualification requirements, assessment of the compliance of the collective suitability of the Management Board of the Bank with the size of the Bank, the complexity, scope, types and nature of the operations carried out by the Bank, the organisational structure and the risk profile of the Bank, taking into account the specific features of the Bank's activities and/or the activities of the banking group of which the Bank is a member, as well as taking measures to improve the functioning mechanisms of the Management Board of the Bank and the Risk Management Service, the Compliance Service and the Internal Audit Service of the Bank based on the results of such assessment;
- 21) control over preparation of the report on remuneration of the members of the Supervisory Board;
- 22) exercise of other powers assigned to the competence of the Supervisory Board by the Law of Ukraine "On Joint Stock Companies", the applicable legislation of Ukraine or the Bank's Charter.

The permanent collegial executive body of the Bank is the Management Board, which manages the Bank's current activities, resolves issues within the competence defined by the applicable legislation of Ukraine, the Bank's Charter and the Regulation on the Management Board of the Bank, and is responsible for the efficiency of the Bank's operations in accordance with the applicable legislation and the Bank's Charter.

The competence of the Management Board includes resolution of all matters related to the management of the Bank's current activities, except for matters falling within the exclusive competence of the General Meeting of Shareholders and the Supervisory Board of the Bank. The General Meeting of Shareholders and the Supervisory Board may decide to delegate part of their powers to the competence of the Management Board, except for powers assigned by the applicable legislation of Ukraine and the Bank's Charter to the exclusive competence of each of these governing bodies of the Bank.

Note 1. General information on the Bank's activities (continued)

The Management Board of the Bank is accountable to the Supervisory Board of the Bank. The Management Board of the Bank resolves issues relating to the management of the activities of the Bank's separate structural subdivisions, monitors the Bank's compliance with the requirements of the applicable legislation of Ukraine, organises operations for safekeeping of the Bank's cash and valuables, accounting and reporting, internal control and other matters relating to the Bank's activities; reviews and approves the Bank's internal documents within its competence, adopts decisions on establishment, management and liquidation of the Bank's structural subdivisions, except for those in respect of which decision-making falls within the exclusive competence of the Supervisory Board of the Bank, and also exercises other powers provided for by the applicable legislation of Ukraine.

The Bank's organisational structure is built along main business lines, each of which is subordinated to one of the members of the Bank's Management Board.

The Bank is improving its corporate governance standards taking into account the practice and vision of leading international companies, as well as creating the necessary conditions for timely exchange of information and effective interaction between the Supervisory Board and the executive body.

The number of employees on the Bank's staff as at the end of 2025 is 40.

The Bank does not plan any significant increase in personnel or significant staffing changes. In 2026, the Bank plans to increase its staff to a maximum of 42 employees in order to support business development and ensure control functions.

The Bank's risk management system

The Bank's risk management system is aimed at ensuring the achievement of business objectives in line with the Bank's defined development strategy and increasing its value, optimising the balance between potential opportunities and risks, the amount of capital and the Bank's growth rates.

The main instruments for achieving these objectives are the comprehensive risk management system established in the Bank, which provides for consistency of actions of all divisions within a single risk management strategy approved by the Supervisory Board of the Bank. The formation of a comprehensive system is aimed at maximum concentration of risk management functions within the Bank, with a continuous process of analysing the situations and environment in which risks arise, and making management decisions regarding the risks themselves and/or the level of the Bank's vulnerability (exposure) to such risks.

The Bank's risk management system is based on the principles defined by regulatory authorities and the recommendations of the Basel Committee.

The distribution of functions and powers in risk management covers all organisational levels and divisions of the Bank. The fundamental structure of the Bank's risk management provides for the participation of the Supervisory Board, the Management Board, the Risk Management Service and the Bank's structural subdivisions in the risk management process.

Overall control over the implementation of risk management in the Bank is exercised by the Supervisory Board of the Bank, while implementation of the risk management system is carried out by the Management Board of the Bank.

The Asset and Liability Management Committee determines the optimal structure of the statement of financial position, plans financial performance indicators and monitors their implementation, reviews the cost of funding sources, and monitors liquidity risk, interest rate risk and foreign currency risk.

The Credit Committee manages credit and investment activities and monitors credit risks associated with individual customers and the credit and investment portfolio as a whole.

The Tariff Committee regulates fee and commission income and analyses the competitiveness of the current tariffs.

Note 1. General information on the Bank's activities (continued)

The Risk Management Unit performs quantitative and qualitative assessment of risks to which the Bank is exposed, or which may arise in its activities in the future, and monitors the status and level of risks.

The Risk Management Service performs quantitative and qualitative assessment of risks to which the Bank is exposed, or which may arise in its activities in the future, and monitors the status and level of material risks, namely:

- credit risk;
- liquidity risk;
- interest rate risk in the banking book;
- market risk;
- operational risk;
- compliance risk;
- other material risks (reputational risk, strategic risk and the risk arising from professional activities in the stock market).

The internal audit unit assesses whether the risk management systems are adequate for the Bank's needs.

The Bank's structural subdivisions carry out operational management of risks related to their activities in accordance with the established levels of risk tolerance and limits, and are responsible for the results of taking such risks. The risk management system is reviewed and improved by the Bank on an ongoing basis, and timely updating of the Bank's internal regulatory framework is ensured in the event of changes in legislative, regulatory or normative requirements, the Bank's organisational structure, and the Bank's level of risk tolerance.

Significant accounting judgements, estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to make certain judgements, estimates and assumptions that affect the amounts of income, expenses, assets and liabilities in the financial statements, as well as the disclosures relating to these items and contingent liabilities. Uncertainty about these assumptions and estimates may result in outcomes that may require a material adjustment to the carrying amount of the assets or liabilities affected in future periods. In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty as at the reporting date that carry a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

Existing circumstances and assumptions about future developments may change as a result of events beyond the Bank's control and are reflected in the assumptions as and when they occur. The items that have the most significant effect on the amounts recognised in the financial statements and in respect of which management used significant judgements and/or estimates are discussed below, taking into account the judgements/estimates made.

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Note 2. Economic environment in which the Bank operates

On 24 February 2022, Russian troops launched an invasion of Ukraine, and active hostilities are currently ongoing. In connection with the military aggression of the Russian Federation against Ukraine, the President of Ukraine, in accordance with Presidential Decree No. 64/2022 dated 24 February 2022, imposed martial law in Ukraine, which remains in effect to date.

Following the declaration of martial law throughout the territory of Ukraine, the National Bank of Ukraine adopted decisions and introduced temporary restrictions on the functioning of the foreign exchange market of Ukraine, exchange rate fixing, cash withdrawal restrictions and a moratorium on cross-border payments, etc.

At an extraordinary meeting held on 24 February 2022, the National Securities and Stock Market Commission adopted a resolution on the temporary suspension of transactions in all securities, as well as transactions in the depository accounting system and clearing accounting systems, and on the temporary suspension of transactions with the assets of collective investment institutions and non-state pension funds. Certain restrictions are being eased, while new ones are being introduced.

The Bank's analysis of the economic environment is based on a conservative scenario for further developments, reflecting the high level of uncertainty and the key challenges arising from the prolonged martial law in Ukraine. The Bank's management has selected this scenario as the base case and considers it reasonable under conditions of significant uncertainty.

For the banking system, two interrelated vectors are decisive: the consistent monetary policy of the National Bank of Ukraine aimed at inflation and exchange rate targeting, and the elevated risk profile of assets caused by the military aggression.

According to the experts of the National Bank of Ukraine, economic growth in Ukraine's trading partner countries was gradually recovering, while inflation generally moved towards central banks' targets.

The central banks of emerging market countries were increasingly lowering interest rates amid a sustained slowdown in inflation and relatively weak economic activity. Global energy prices tended to decline, although they remained highly volatile.

In November, both headline and core inflation in Ukraine declined to a single-digit level (9.3% year-on-year). According to the estimates of the National Bank of Ukraine, disinflation continued in December, primarily due to an adequate supply of food products and easing pressure on prices from the labour market.

In December, business expectations of enterprises remained in negative territory amid the difficult security situation and the growing electricity deficit, which restrained activity in a number of industrial sectors. At the same time, defence orders supported growth in metallurgy, while the continued harvesting of late crops ensured growth in agriculture and a slowdown in the decline of freight transportation. Construction also picked up, while consumer sentiment and growth in trade remained resilient.

Labour shortages gradually eased, but remained high, which supported wage growth both in nominal and real terms. The increase in the number of migrants abroad continued due to the persistent difficult security situation.

In November, the current account deficit widened due to the exhaustion of the effect of one-off inflows to charitable funds in October and a slight widening of the merchandise trade deficit. The preservation of significant volumes of international assistance at the end of the year ensured another renewal of record-high gross international reserves, which as at the end of the year reached USD 57.3 billion.

Note 2. Economic environment in which the Bank operates (continued)

The state budget deficit reached its peak level in December, and for the whole of 2025 it was expectedly and significantly higher than in 2024, although lower than approved by the Law on the State Budget for 2025. The deficit continued to be financed through international assistance and domestic borrowings. The rollover ratio for domestic government bonds in all currencies in 2025 amounted to 116%.

Maintaining the key policy rate unchanged in December contributed to a further increase in household investments in hryvnia-denominated term deposits and domestic government bonds. This also limited the seasonal increase in net demand for foreign currency in December. The NBU's foreign exchange interventions increased seasonally compared with previous months, but were lower than a year earlier.

According to ICU experts, economic growth will continue to slow, as the challenges facing the economy remain significant. The energy crisis caused by russian terrorist attacks on civilian infrastructure disrupts the production cycle of many enterprises and worsens consumer sentiment. However, continued inflows of external financial assistance mean that the foundations of macroeconomic stability will remain sufficiently resilient. The EU's decision to provide Ukraine with a EUR 90 billion loan for 2026–2027 brought considerable relief; however, subsequent signals that only one-third of this amount would be allocated to budget support caused some disappointment.

According to ICU experts' expectations, external grants and concessional loans should be sufficient to finance the budget deficit this year; however, the adequacy of funding for the following year remains uncertain. The sharp deceleration of inflation is one of the most positive trends of recent months, and inflationary pressure is expected to remain weak throughout 2026. Recent signals from the NBU regarding the future path of the key policy rate came as a surprise to experts, who had expected more decisive steps towards monetary easing. In their view, the revised interest rate path confirms the NBU's intention gradually to weaken the hryvnia. This marks a noticeable departure from last year's approach, when the exchange rate remained effectively fixed for most of the year.

At the end of January, the NBU reduced the key policy rate by 50 basis points to 15.0% and significantly revised its expected path going forward. Instead of six rate cuts totalling 300 basis points during the year, only two cuts totalling 100 basis points are now expected, with the second cut likely scheduled for April. At the same time, the NBU raised its year-end inflation forecast to 7.5% from the previous 6.6%.

The slowdown in inflation, pressure from the Ministry of Finance and the IMF, and the possible reduction in external assistance in the future will likely weaken the NBU's commitment to maintaining a strong hryvnia policy. Record-high external imbalances will remain the key vulnerability of the economy; however, as in previous years, they will be fully offset by external financial assistance. Following the sharp increase last year, the NBU's reserves will remain at record-high levels, although they are unlikely to increase materially.

The budget deficit increased last year; however, it will decline this year and will be covered by external financing. The IMF programme will include several sensitive tax issues, as the Fund will seek assurance that the country will be able to mobilise sufficient domestic resources if defence spending increases compared with the current plan.

The Ministry of Finance began reducing yields on domestic government bonds at primary auctions as early as mid-January, before the NBU reduced the key policy rate by 50 basis points. As at today, the cumulative decline in yields on longer-term domestic government bonds has already exceeded 50 basis points, while the decline for shorter-term securities has been less pronounced. Experts expect the cumulative decline to amount to or exceed 50 basis points for securities of all maturities. The signal from the NBU that it is prepared to reduce the key policy rate at least once more in the coming months will stimulate price competition among purchasers of domestic government bonds. The Ministry of Finance will seek to ensure a one-to-one transmission of the change in the key policy rate into domestic government bond yields. This approach differs from the practice during the period of rising rates, when the transmission coefficient amounted to one half of the increase in the key policy rate.

Note 2. Economic environment in which the Bank operates (continued)

Positive trends were observed in the financial account, which was close to zero excluding concessional loans from international partners. The most positive change was a reduction in the increase in cash foreign currency outside banks (USD 8.1 billion in 2025 compared to USD 15.5 billion in 2024), as household demand for foreign currency declined due to the stability of the hryvnia. Official concessional loans reached record levels last year and ensured a financial account surplus of USD 44.4 billion. It is expected that, excluding official loans, the financial account will remain close to zero due to strict restrictions on cross-border capital movements and only very gradual steps by the NBU towards foreign exchange liberalisation. However, planned official loans will again ensure a significant surplus.

The NBU maintained the exchange rate within a very narrow corridor during most of 2025, but subsequently allowed it to cross UAH 42 per USD in December and UAH 43 per USD in January. The increase in the exchange rate in January was very close to the trends observed in January of the previous year, although it is now of much greater significance. At present, a number of preconditions have emerged for the NBU to allow some weakening of the hryvnia despite the complete absence of any significant appetite for devaluation:

- inflation slowed much more sharply than forecast, creating room for a certain import of inflation;
- the growth of external imbalances is very difficult to ignore, although the NBU continues to maintain that they are caused exclusively by the war and that the issue of external imbalances should not be addressed at this stage;
- a higher hryvnia exchange rate against the US dollar and the euro would allow the Ministry of Finance to convert external financial assistance into larger hryvnia equivalent amounts, which is a position the Ministry of Finance has expressed for a considerable period of time;
- confirmed external assistance for 2027 remains insufficient under a prolonged war scenario, which may prompt the NBU to place greater focus on preserving reserves;
- according to media reports, the IMF has increased pressure on the NBU to encourage some weakening of the hryvnia.

Taking into account this combination of factors, experts have slightly worsened their exchange rate forecast to UAH 45 per USD at the end of the year compared with the previous forecast of UAH 44.3 per USD.

The state budget deficit before grants increased to 24.5% of GDP in 2025 compared with 23.9% in 2024. It was almost fully covered by external financing, while borrowing in the domestic market covered only a small portion of the deficit. Elevated defence sector expenditures will continue to keep the budget deficit at record-high levels. Nevertheless, a certain decrease of 4–5% of GDP is expected this year, in line with the government's current view. The deficit in 2026 will continue to be fully covered by concessional loans from international partners and balances on government accounts accumulated last year. If there is subsequently a need to further increase defence expenditures, the government will likely have to make efforts to broaden the tax base and/or increase tax rates. Accordingly, tax issues will remain one of the key focuses of the new IMF programme.

In December 2025, businesses maintained restrained assessments of the results of current economic activity. Further deterioration in the security situation, prolonged power outages, rising business production costs, destruction of production and logistics capacities, shortages of qualified personnel, as well as seasonal factors continued to restrain the economic activity of enterprises. At the same time, resilient consumer demand, inflows of international assistance, increased supply of food products and a slowdown in inflation continued to be positive factors.

This is evidenced by the Business Activity Expectations Index (BAEI) calculated by the National Bank of Ukraine. In December 2025, the BAEI stood at 49.2 compared with 49.4 in November 2025, but was significantly higher than the level of December 2024 (45.9) and, overall, was the highest December reading since the beginning of the surveys.

Direct war damage to Ukraine alone exceeded USD 200 billion, while total losses exceeded USD 1 trillion.

Note 2. Economic environment in which the Bank operates (continued)

War within a country's territory generally results in economic collapse. However, until recently, Ukraine has demonstrated its ability to withstand economic and financial pressure. The banking system has remained resilient, the government has continued to pay pensions and salaries, and the hryvnia, although devalued, has retained its role as the main means of payment.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern and, consequently, a situation may arise in which the Bank may be unable to realise its assets and discharge its liabilities in the normal course of business.

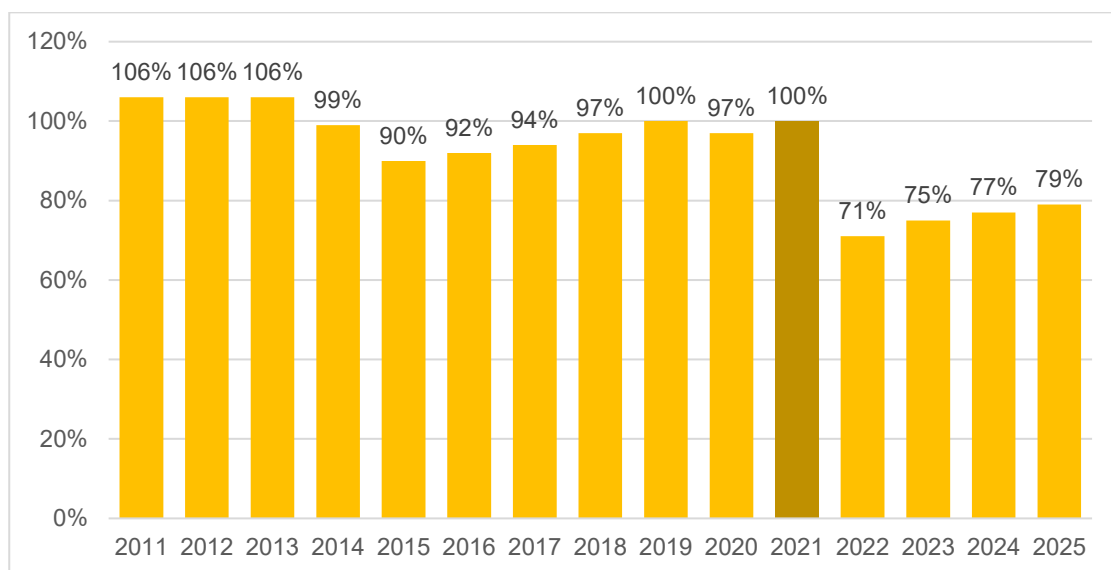
Macroeconomics**GDP**

In 2025, real GDP slightly exceeded 80% of the 2021 level.

Real GDP growth slowed to approximately 2% in 2025 (2024: 3.2%) due to the deterioration in the security situation, loss of infrastructure and production capacity, as well as a severe electricity shortage at the end of the year.

Against the backdrop of high defence needs, the public sector made a significant positive contribution to GDP growth by stimulating investment, while consumer demand also remained stable due to rising wages. However, net exports remained negative, as strong domestic demand and energy needs were met primarily through imports.

Economic activity was also constrained by labour shortages amid continued migration (estimated at approximately 300 thousand people in 2025) and high production costs.

Note 2. Economic environment in which the Bank operates (continued)

Real GDP, % of the 2021 level

International trade

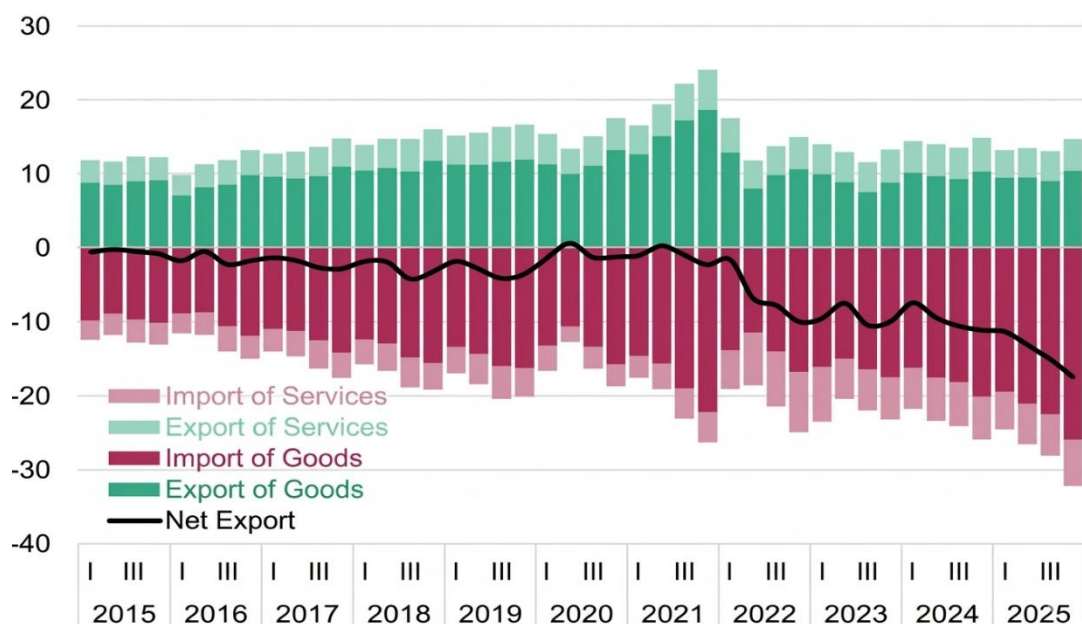
In 2025, the trade balance deficit continued to widen.

Exports remained broadly unchanged due to war-related constraints on business development and logistics.

Imports increased sharply, as Ukraine imported more energy and defence-related goods to respond to the deterioration in the energy sector and to meet military needs.

Trade in goods in 2025:

- Exports: USD 40.3 billion
- Imports: USD 84.8 billion



Note 2. Economic environment in which the Bank operates (continued)**Business expectations**

The average level of business and consumer sentiment indices in 2025 was 2–5 percentage points higher than in 2024.

This indicates that economic agents further adapted to wartime conditions despite the resumption of power outages at the end of the year.

Monetary and financial sectors**Hryvnia**

In 2025, the hryvnia gradually depreciated due to growing demand for foreign currency. The NBU adhered to a managed flexibility policy; therefore, the exchange rate was influenced by both foreign exchange interventions and market factors. The gap between the cash and official exchange rates remained at around 1%, indicating market stability.

The NBU plays a central role in stabilising the foreign exchange market. During the year, the NBU took measures to stabilise the foreign exchange market by increasing net sales of foreign currency.



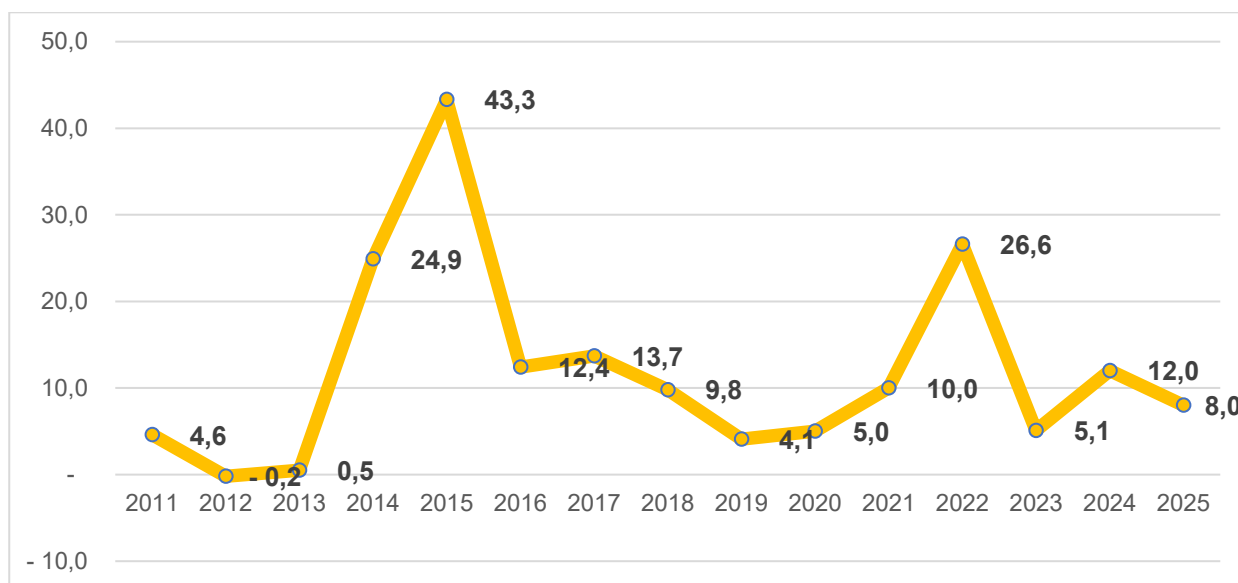
Official exchange rates

Inflation

The inflation rate at the end of 2025 turned out to be significantly lower than all forecasts and amounted to 8%.

Although the unexpected decline in inflation is primarily attributable to excess supply due to a good harvest, underlying price pressures have also been easing.

The NBU is likely to start reducing the key policy rate in 2026.

Note 2. Economic environment in which the Bank operates (continued)

Annual inflation, %

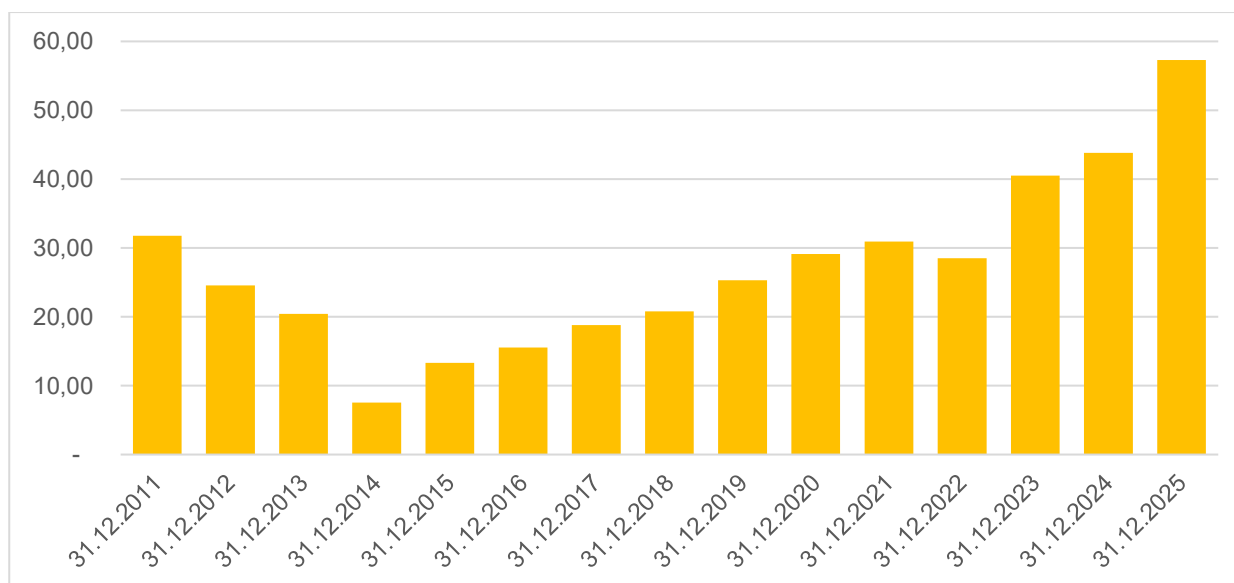
International reserves

During 2025, the NBU's international reserves increased by 30.8% and reached a historical high of USD 57.3 billion.

The level of reserves is more than sufficient and covers almost six months of imports.

The EU was the main financial donor in 2025, providing USD 32.7 billion. Domestic government bonds denominated in foreign currency generated approximately USD 3.3 billion of reserve inflows. The increase in the EUR/USD exchange rate and the rise in gold prices had a favourable effect on the level of reserves, adding more than USD 5 billion.

The NBU balanced the foreign exchange market through foreign exchange interventions, on which it spent USD 36 billion from reserves. USD 10 billion was used for external debt repayments.



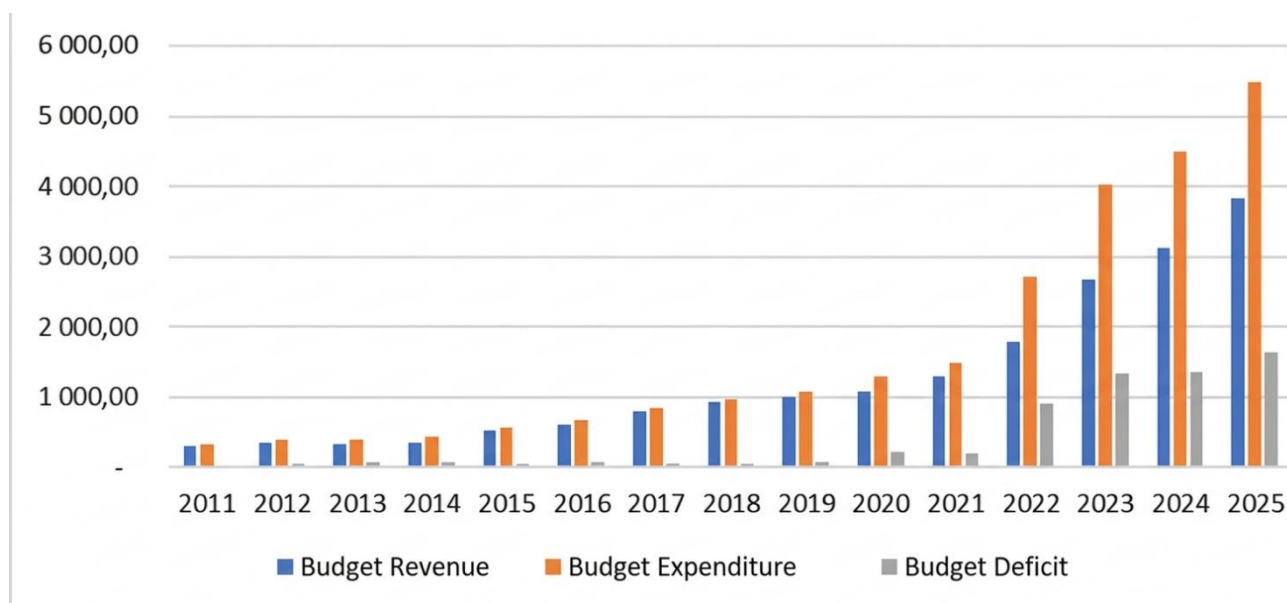
Gross international reserves, USD billion

Note 2. Economic environment in which the Bank operates (continued)**Fiscal sector****Budget**

In 2025, the consolidated fund of the State Budget received UAH 1,876 billion in tax revenues, which was 21% higher than in 2024 and 72% higher than in 2023.

The strongest growth was recorded in corporate income tax revenues, driven by the increase in the military levy from 1.5% to 5% from December 2024. These revenues increased by 55%.

Excise taxes increased by 34% year-on-year. Almost 60% of budget expenditures were defence-related expenditures.



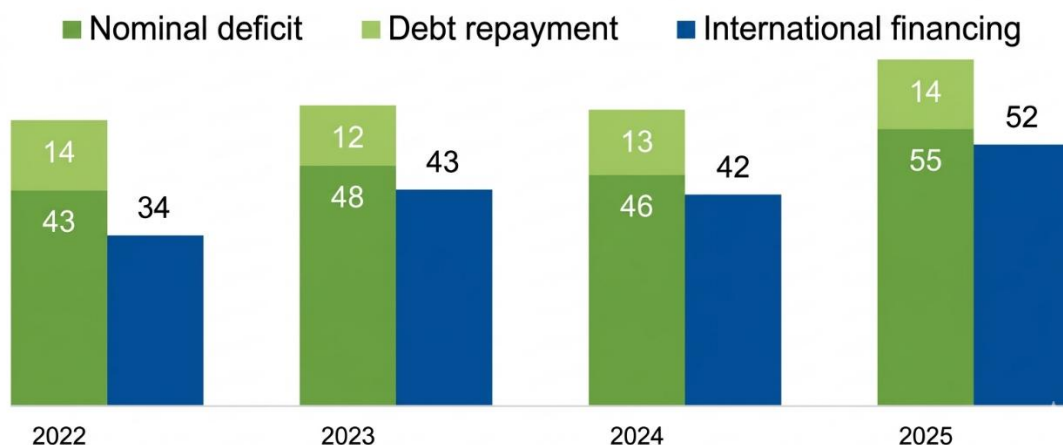
Budget revenues and expenditures, UAH billion

External assistance

Ukraine received USD 52.4 billion in financial assistance in 2025.

External financing covered the greater part of the deficit and helped the country withstand the difficult situation with military assistance, which forced the budget to be increased twice in mid-2025. 72% of financial support was provided through the ERA financing mechanism, which is a contingent obligation.

The budget deficit, including grants, exceeded UAH 2.2 trillion, while debt repayments amounted to UAH 0.6 trillion.



Coverage of State Budget needs through external financing, UAH billion.

Note 3. Basis of preparation of the financial statements

The Bank's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

These financial statements have been prepared under the historical cost convention, except for items measured at fair value.

The financial statements are presented in Ukrainian hryvnia, and all amounts are rounded to the nearest thousand, unless otherwise indicated. The functional currency of the Bank is the Ukrainian hryvnia.

The Bank's accounting policies applied in the reporting period are, in all material respects, consistent with those applied in the previous period.

The Bank's accounting records and financial statements are based on the following principles:

- full disclosure – all transactions of the Bank are recognised in the accounting records without any exception. The financial statements shall contain all information about the actual and potential effects of the Bank's transactions that may influence decisions made on the basis of such financial statements;
- autonomy – the assets and liabilities of the Bank, as a business entity, are recognised separately from the assets and liabilities of other business entities (the Bank's customers and counterparties), as well as from those of its owners;
- consistency – the Bank applies its selected accounting policies consistently from one year to another. Changes in accounting methods are permitted only in cases provided for by IFRS and require additional justification and disclosure in the financial statements;
- going concern – assets and liabilities are measured on the assumption that the Bank is a going concern and will continue in operation for the foreseeable future. If the Bank intends to reduce the scale of its activities, this shall be reflected in the financial statements;
- accrual basis – income and expenses are recognised in the accounting records and financial statements when they occur, regardless of the date of receipt or payment of cash;
- substance over form – transactions are accounted for and disclosed in accordance with their substance and economic reality and not merely their legal form;
- single monetary unit – measurement and aggregation of all the Bank's transactions in its financial statements are performed in a single monetary unit.

The Bank has no plans to discontinue its operations. The financial statements have been prepared on a going concern basis.

Note 4. Accounting policy**Note 4.1. Measurement bases used in the preparation of the financial statements**

Main measurement bases. Financial assets and liabilities are measured at fair value, historical cost or amortised cost depending on their classification.

Fair value is the amount for which an asset could be exchanged or a liability settled in a transaction between knowledgeable, willing and independent parties; for financial assets quoted in an active market, it is the current bid price, and for financial liabilities, the current asking price. A financial instrument is regarded as quoted in an active market if quoted prices for that financial instrument are readily and regularly available from a stock exchange or another organisation and if those prices represent actual and regularly occurring market transactions on an arm's length basis.

In the absence of an active market, the basis for determining current fair value is information on recent transactions between unrelated parties. Amounts received in forced transactions (forced sale of property to repay debts, liquidation, etc.) do not represent fair value. To determine the fair value of financial instruments for which there is no information on market prices from external sources, valuation techniques are used, such as discounted cash flow analysis and analysis of financial information relating to the investees. The use of valuation techniques may require assumptions not supported by market data. Information is disclosed in the financial statements in cases where replacing such an assumption with a possible alternative would result in a material change in the amounts of profit, income, expenses, total assets or liabilities.

Historical cost is the amount of cash or cash equivalents paid, or the fair value of other consideration given to acquire an asset at the acquisition date, including transaction costs. Measurement at historical cost is applied to investments in equity instruments that do not have quoted market prices and whose fair value cannot be measured reliably.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability and that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and stock exchanges, taxes and duties, and other expenses. Transaction costs do not include discounts or premiums on debt financial instruments or administrative expenses.

In addition to measurement methods applied upon initial recognition of assets, the Bank uses various methods of bringing the carrying amount of financial instruments to fair value through recognition of income and expenses, including use of the effective interest method, creation of specific bank reserves, remeasurement to fair value, amortisation of non-current assets, etc.

Amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition, minus principal repayments received or paid [principal amount of debt, interest income (expense) or other payments related to the origination of the financial asset or financial liability], plus or minus the cumulative amortisation calculated using the effective interest rate method of any difference between the amount initially recognised and the maturity amount of the financial instrument, and, for financial assets, adjusted for the expected credit loss allowance.

Note 4. Accounting policy (continued)

Effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. The Bank calculates the effective interest rate based on estimated future cash flows, taking into account all contractual terms of the financial asset but excluding expected credit losses.

The Bank's accounting policies complied, in all material respects, with the requirements of IFRS and the regulations of the National Bank of Ukraine.

Note 4.2. Initial recognition of financial instruments

The Bank recognises a financial asset or financial liability if, and only if, it becomes a party to the contractual provisions of the financial instrument. Assets are initially recognised by the Bank when the Bank controls them, bears all significant risks, expects to receive substantially all benefits from the use of such assets, and their cost can be measured reliably. Liabilities are initially recognised by the Bank when there is a contractual, statutory or possible obligation (in accordance with IAS 37) which is highly probable (generally more than 50%) to result in an outflow of resources embodying economic benefits in the future. The Bank recognises financial assets and liabilities arising from regular way purchases or sales using the settlement date.

On initial recognition of financial instruments accounted for at fair value through profit or loss, the Bank measures them at fair value without taking transaction costs into account. The Bank recognises transaction costs incurred on acquisition of such financial instruments in profit or loss on the date they are incurred. The Bank measures all other financial instruments on initial recognition at fair value plus transaction costs.

On initial recognition of a financial instrument, the Bank recognises in the accounting records a gain or loss in the amount of the difference between the fair value of the financial asset or financial liability and the transaction price, with the corresponding entry recorded in discount/premium accounts, if the effective interest rate for that instrument is higher or lower than the market rate. The difference between the fair value of a financial asset or financial liability and the transaction price in transactions with the Bank's shareholders is recognised in equity through Class 5 "Bank Capital" accounts of the Chart of Accounts and is included in retained earnings (accumulated deficit) in instalments over the period of holding of the financial instrument or in full upon derecognition of the financial instrument.

Note 4.3. Principles of classification and measurement of financial instruments

The Bank's classification of financial instruments is based on a combination of the business model for managing financial instruments and the characteristics of the contractual cash flows.

The Bank uses the following types of business models:

Note 4. Accounting policy (continued)

- 1) a business model under which a financial asset is held in order to collect cash flows (hold to collect);
- 2) a business model under which a financial asset is held in order to collect cash flows and for sale (hold to collect and sell);
- 3) other models (residual in nature, i.e. where no specific fair value model is defined).

After initial recognition, the Bank measures a debt financial asset on the basis of the business model and the contractual cash flow characteristics at:

- 1) amortised cost (AC);
- 2) fair value through other comprehensive income (FVOCI);
- 3) fair value through profit or loss (FVPL).

In the absence of an active market, the basis for determining current fair value is information on recent transactions between unrelated parties. Amounts received in forced transactions (forced sale of property to repay debts, liquidation, etc.) do not represent fair value. To determine the fair value of financial instruments for which there is no information on market prices from external sources, valuation techniques are used, such as discounted cash flow analysis and analysis of financial information relating to the investees. The use of valuation techniques may require assumptions not supported by market data. Information is disclosed in the financial statements in cases where replacing such an assumption with a possible alternative would result in a material change in the amounts of profit, income, expenses, total assets or liabilities.

Amortised cost of a financial asset or financial liability is the amount at which a financial asset or financial liability is measured at initial recognition, minus principal repayments received or paid [principal amount of debt, interest income (expense) or other payments related to the origination of the financial asset or financial liability], plus or minus the cumulative amortisation calculated using the effective interest rate method of any difference between the amount initially recognised and the maturity amount of the financial instrument, and, for financial assets, adjusted for the expected credit loss allowance.

Historical cost of an asset on acquisition or creation is the amount of expenditure incurred in acquiring or creating the asset, consisting of the consideration paid to acquire or create the asset and transaction costs. Historical cost of a liability on incurrence or assumption is the amount of consideration received for incurring or assuming the liability, less transaction costs.

The Bank measures and recognises a debt financial asset at amortised cost if, and only if, both of the following conditions are met:

- 1) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Note 4. Accounting policy (continued)

The Bank measures and recognises a debt financial asset at fair value through other comprehensive income if, and only if, both of the following conditions are met:

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

The Bank measures and recognises all other debt financial assets at fair value through profit or loss if such financial assets do not meet the criteria for subsequent measurement at amortised cost or at fair value through other comprehensive income.

On initial recognition of a financial asset, the Bank may, at its own discretion, irrevocably designate it as measured at fair value through profit or loss if such classification eliminates or significantly reduces a measurement inconsistency in measuring assets or liabilities or in recognising the related gains and losses.

Financial liabilities

After initial recognition, the Bank measures and recognises all financial liabilities at amortised cost, except for:

- 1) financial liabilities measured at fair value through profit or loss (financial liabilities held for trading, including derivatives, or those which the Bank has, at its own discretion, designated to be measured at FVPL in order to reduce an accounting mismatch);
- 2) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- 3) financial guarantee contracts, avals and surety;
- 4) loan commitments at an interest rate below the market rate.

Note 4.4. Impairment of financial assets

When assessing financial assets, the Bank determines the class of the debtor/counterparty based on the assessment of the financial condition of the debtor bank/counterparty.

The financial condition is considered to be “good” if:

- the debtor class is from 1 to 8 (for legal entities), from 1 to 3 (for individuals, budgetary institutions and specialised lending);
- there is no overdue indebtedness;
- the debtor complies with the terms and conditions set out in the loan agreement;
- the debtor's development trend is assessed as positive;

Note 4. Accounting policy (continued)

- there are no indications of deterioration in the debtor's financial condition (including with regard to the industry in which the debtor operates, etc.) or any indicators evidencing a significant increase in credit risk.

The financial condition is considered to be “satisfactory” if at least one of the following indicators is present:

- the debtor class is 9 (for legal entities), or 4 (for individuals, budgetary institutions and specialised lending);
- there is no overdue indebtedness;
- the debtor complies with the terms and conditions set out in the loan agreement;
- the debtor's development trend is assessed as positive, but the growth rate is slow;
- there is a risk of deterioration in the debtor's financial condition (including with regard to the industry in which the debtor operates, etc.).

The financial condition is considered to be “unsatisfactory” if at least one of the following indicators is present:

- the debtor class is 10 (for legal entities), or 5 (for individuals, budgetary institutions and specialised lending);
- overdue indebtedness is absent/present;
- the debtor does not comply with the terms and conditions set out in the loan agreement;
- the debtor's development trend is assessed as negative;
- there is a risk of deterioration in the debtor's financial condition (including with regard to the industry in which the debtor operates, etc.) or there are indicators evidencing a significant increase in credit risk.

The Bank recognises an allowance for expected credit losses for:

- financial assets measured at amortised cost;
- financial assets measured at fair value through other comprehensive income;
- loan commitments and financial guarantees;
- financial receivables.

For the purposes of provisioning, the Bank understands expected losses as the risk of incurring losses as a result of one or more of the following circumstances:

- non-performance (or improper performance) by the Bank's debtor of obligations under active operations carried out by the Bank, or non-performance by a debtor whose proper performance of obligations is secured by an obligation assumed by the Bank;
- impairment (decline in value) of the Bank's financial instruments;
- the existence and recognition by the Bank of indicators evidencing high credit risk and/or default of the debtor;
- an increase in the Bank's liabilities and/or expenses as compared with those previously recognised in the accounting records.

When measuring financial instruments, the Bank applies the Expected Credit Losses (ECL) model, which involves recognition of impairment for both financial assets and commitments from the date of initial recognition and provides for three stages of impairment:

Stage 1 – financial instruments without a significant increase in credit risk (risk assessment / provisioning is performed on a 12-month basis);

Note 4. Accounting policy (continued)

Stage 2 – financial instruments with a significant increase in credit risk (risk assessment / provisioning is performed over the entire term of the contract);
Stage 3 – credit-impaired financial instruments (risk assessment / provisioning is performed over the entire term of the contract).

Allowances are divided into:

- allowances for financial instruments in Stage 1 of impairment (12-month expected credit losses) – the portion of lifetime expected credit losses that represents the expected credit losses resulting from default events that are possible within the next 12 months;
- allowances for financial instruments in Stage 2 or Stage 3 of impairment (lifetime expected credit losses) – the expected credit losses that result from all possible default events over the expected life of the financial instrument.

Expected credit losses (or the allowance) are determined as the probability-weighted amount of credit losses, determined using the respective probabilities of default as weighting factors.

Where there are indicators of a significant increase in credit risk, the Bank calculates expected credit losses from impairment of financial assets on an individual basis (for significant financial instruments) or on a portfolio basis (for insignificant financial instruments) using a scenario approach.

For each scenario, as at the reporting date, the Bank calculates the amount of expected credit losses from impairment of financial instruments on an individual basis as the excess of the gross carrying amount of the financial asset over the present value of estimated future cash flows from that asset and from the realisation of collateral.

For short-term transactions with other debtors and/or active transactions for which the number of tranches and their repayment dates are unknown, the amount of expected credit losses is determined as the product of the probability of default, the gross carrying amount of the financial asset and the loss given default.

Note 4.5. Derecognition of financial instruments

Financial assets. A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised when the asset is settled, or when the rights to receive cash flows from the asset have otherwise expired, or when the Bank has transferred substantially all the risks and rewards of ownership of the asset, or when the Bank has neither transferred nor retained substantially all the risks and rewards of ownership but has ceased to retain control. Control is deemed to be retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without imposing additional restrictions on its resale.

Financial liabilities. A financial liability is derecognised when the obligation is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such replacement or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of profit or loss.

Note 4. Accounting policy (continued)**Note 4.6. Cash and cash equivalents**

Cash and cash equivalents. Cash and cash equivalents represent assets that are readily convertible on demand and are subject to an insignificant risk of changes in value. Cash and cash equivalents include unrestricted balances on correspondent accounts with the National Bank of Ukraine and with other banks with maturities of up to three months, which may be freely converted into the relevant amount of cash within a short period of time, and certificates of deposit issued by the National Bank of Ukraine.

Note 4.7. Amounts due from other banks

Amounts due from other banks represent short-term deposits and loans, as well as overnight loans and deposits, on which interest was accrued and impairment allowances for expected losses on credit operations were recognised. For financial reporting purposes, under the caption "Amounts due from other banks", the Bank includes balances on correspondent accounts with other banks on which interest was accrued and/or an allowance for expected credit losses was recognised.

Note 4.8. Loans and advances to customers

Loans to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not classified within other categories of financial assets.

Loans granted by the Bank are initially recognised at fair value, including costs directly attributable to the transaction. Subsequently, loans are measured at amortised cost using the effective interest rate method.

Loans and advances to customers are presented net of the allowance for expected credit losses. Interest income and expenses for the allowance for expected credit losses are recognised in profit or loss.

Credit-related commitments. The Bank assumes credit-related commitments, including financial guarantees. Financial guarantees are irrevocable commitments of the Bank to make payments in the event and under the conditions where a customer is unable to fulfil its obligations to third parties. Financial guarantees carry the same risk as loans.

Note 4.9. Securities transactions

Securities trading activities are carried out by the Bank in accordance with the licence issued by the National Securities and Stock Market Commission. These transactions are performed by the Bank in accordance with the legislation of Ukraine, regulatory legal acts and duly executed agreements.

On initial recognition of securities measured at fair value through profit or loss, the Bank measures them at fair value without taking transaction costs into account. Transaction costs incurred on acquisition of such securities are recognised in the accounting records through expense accounts on the date they are incurred.

All other securities are measured on initial recognition at fair value plus transaction costs.

Note 4. Accounting policy (continued)

Securities in the Bank's portfolio measured at amortised cost are initially recognised at fair value, with income and expenses related to acquisition recognised in discount/premium accounts.

The fair value of securities at the transaction date/reporting date after initial recognition is determined using the following methods in the order of priority:

- quoted bid price (last bid price);
- reference to the market price of another similar financial instrument;
- based on market yields to maturity established as a result of trading in similar financial instruments during the last month preceding the reporting date;
- based on recent market transactions between knowledgeable, willing and independent parties.

At each subsequent reporting date after initial recognition, all securities acquired by the Bank are measured at fair value, except for:

- securities measured at amortised cost;
- shares and other non-fixed income securities measured at fair value through other comprehensive income, the fair value of which cannot be measured reliably.

At each subsequent reporting date, securities measured at amortised cost using the effective interest rate method are subject to impairment review (as the difference between the carrying amount of the asset and the present value of previously estimated future cash flows).

The Bank recognises allowances for securities issued by banking and non-banking financial institutions. The Bank does not recognise allowances for securities issued by central executive authorities of Ukraine, central executive authorities of other countries that have an investment grade rating on the international scale confirmed by Standard & Poor's or an equivalent rating assigned by other leading international rating agencies, and the National Bank of Ukraine. Amounts due on securities recognised by the Bank as uncollectible are written off against the allowances created by decision of the Bank's Management Board.

During the reporting year, the Bank's portfolio of securities measured at fair value through other comprehensive income consisted of domestic government bonds and debt securities issued by central government authorities of other states.

Note 4.9.1. Sale (purchase) agreements for securities with an obligation to repurchase (resell)

Sale (purchase) agreements for securities with an obligation to repurchase (resell) are recognised by the Bank in the accounting records as loans granted (received) secured by securities and are measured at amortised cost. The difference between the sale price and the reverse REPO price represents interest expense and is recognised in profit or loss over the term of the repurchase agreement using the effective interest rate method.

The Bank continues to recognise securities that were sold under an obligation to repurchase, with a prohibition on their sale or pledge by the purchaser, in the portfolio measured at fair value through profit or loss or in the portfolio of securities measured at fair value through other comprehensive income. If a sale agreement for securities with an obligation to repurchase gives the purchaser the right to sell or pledge the securities, such securities are reclassified by the Bank to receivables on securities.

During 2025, the Bank did not carry out any purchase and sale transactions in securities under REPO agreements.

Note 4. Accounting policy (continued)**Note 4.9.2. Transactions in the Bank's own debt securities**

The Bank initially measures and recognises debt financial liabilities arising from its own debt securities (hereinafter, own debt bonds) at fair value including transaction costs.

Upon placement of own debt bonds, the Bank recognises in the accounting records a gain or loss in the amount of the difference between the fair value of the bonds and the transaction price, with the corresponding entry recorded in discount/premium accounts and income or expense accounts, upon initial recognition of financial liabilities at an amount higher/lower than fair value. If information on the fair value of the Bank's own debt bonds is unavailable, no income or expense is recognised in the accounting records upon initial recognition of such financial liabilities.

At each reporting date subsequent to initial recognition, the Bank measures and recognises own debt bonds at amortised cost. The Bank recognises interest expense on debt financial liabilities arising from its own debt securities using the effective interest rate method.

The Bank pays income and/or redeems amounts due on debt financial liabilities arising from its own debt securities within the terms specified in the issue terms of the securities, in accordance with the register of securities holders prepared by the National Depository, on the basis of an instruction provided by the Bank.

Note 4. Accounting policy (continued)**Note 4.10. Property and equipment**

Property and equipment and other non-current tangible assets are accounted for in accordance with the requirements of the Regulation on Accounting for Property and Equipment and Intangible Assets. The cost model has been adopted for accounting for property and equipment. The initial cost of an item of property and equipment and intangible assets created by the Bank includes direct labour costs, direct material costs and other costs directly attributable to the creation of the asset and bringing it to the condition necessary for its intended use. Administrative and other costs not directly attributable to the acquisition of the item or bringing it into working condition are not included in the initial cost of the item. Costs of current repairs and maintenance of assets are recognised as expenses as incurred and do not affect the carrying amount of non-current assets.

Depreciation for financial reporting purposes is charged using the straight-line method. Depreciation begins on the first day of the month following the reporting month in which the item of property and equipment or intangible asset became available for useful use and ceases from the first day of the month following the month in which the item of property and equipment or intangible asset is disposed of. Depreciation of an item of property and equipment or intangible asset is charged based on the revised useful life starting from the month following the month in which the useful life was changed.

The useful lives of property and equipment are determined taking into account the following factors: the expected use of the asset based on its estimated capacity; useful lives of similar assets; expected physical and technological obsolescence; legal or other limits on the use of the asset; and other factors. The useful life of an item of property and equipment is reviewed in the event of a change in the expected economic benefits from its use.

Note 4.11. Intangible assets

For financial reporting purposes, intangible assets are measured and recognised at initial cost, which consists of actual costs of acquisition (creation) and bringing the asset to the condition necessary for use in accordance with its intended purpose.

Intangible assets are subject to monthly amortisation, which is charged using the straight-line method. An individual useful life is established for each intangible asset and is determined independently by the Bank based on the following criteria: the Bank's experience with similar assets, current trends in the development of software products, and operating characteristics.

The determined useful life of an intangible asset is approved by the Bank's commission, but shall not exceed 10 years. The largest proportion comprises intangible assets with a useful life of 10 years.

Note 4. Accounting policy (continued)**Note 4.12. Leases**

A lease is formalised by an agreement that conveys to the user (the lessee) the right to control the use of an asset (the underlying asset) for a period of time in exchange for consideration.

The Bank assesses a lease contract as a whole or its separate components as a lease if the asset is identified, the Bank is granted the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, the Bank is granted the right to direct the use of the asset throughout the period of use in exchange for consideration, and the lessor does not have a substantive right to substitute the asset throughout the period of use.

The Bank applies the practical expedient not to recognise right-of-use assets and lease liabilities for short-term leases with a term not exceeding 12 months from the date of initial application, as well as for leases of low-value assets. Lease payments under such contracts are recognised as operating expenses over the lease term. A lease containing a purchase option is not a short-term lease.

In other cases, the Bank, as lessee, recognises at the commencement date a right-of-use asset and a lease liability. The Bank initially recognises the right-of-use asset at cost, which includes the amount of the initial measurement of the lease liability, lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred by the Bank, and costs incurred for dismantling, removing and restoring the underlying asset to the condition required by the terms and conditions of the lease.

At the commencement date, the Bank recognises the lease liability at the present value of the lease payments not paid at that date. The lessee discounts the payments for the right to use the underlying asset over the lease term (lease payments) using the interest rate implicit in the lease. If the interest rate is not specified in the lease agreement, the lessee applies the policy rate of the National Bank of Ukraine.

The net present value of lease payments is recognised as a financial liability. The lease payments themselves are allocated between repayment of principal and interest using the effective interest method. If the amount of a lease payment includes VAT, the Bank recognises the VAT amount in a separate balance sheet account for other expenses.

Right-of-use assets are amortised on a straight-line basis over the lease term. In the event of a change in the amount of expected lease payments, the liability is remeasured, and such adjustment is made together with the corresponding recalculation of the right-of-use asset.

Note 4. Accounting policy (continued)**Note 4.13. Derivative financial instruments**

A derivative instrument is a financial instrument or other contract that has all of the following characteristics: its value changes in response to changes in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or creditworthiness index, or other similar variable; it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and it is settled at a future date.

A derivative instrument is recognised as a financial asset or a financial liability on the date the obligation arises to purchase or sell the subject matter of the contract. Derivative financial instruments include foreign exchange swaps, forward and futures transactions, interest rate swaps, spot foreign exchange transactions, and combinations of these instruments.

Derivative financial instruments are accounted for at fair value through profit or loss. Derivative instruments are presented as assets if their fair value is positive and as liabilities if their fair value is negative. The fair value of derivative financial instruments that are not traded in an active market is determined using valuation techniques.

Note 4.14. Borrowed funds

Amounts due to other banks are recognised from the moment funds are provided to the Bank by counterparty banks. Non-derivative financial liabilities are measured at amortised cost.

Customer accounts include non-derivative financial liabilities to government and corporate customers and individuals and are measured at amortised cost.

The Bank recognises interest expense on borrowed funds at least monthly and presents it in the Statement of profit or loss and other comprehensive income.

Note 4.15. Provisions for liabilities

Provisions for liabilities are determined and recognised in the financial statements when, as a result of a past event, the Bank has a legal or constructive obligation, the settlement of which is expected, with a high degree of probability, to result in an outflow of resources embodying future economic benefits and which can be measured with sufficient reliability.

Note 4.16. Income tax

Current income tax expense is determined based on tax legislation and the enacted tax rates applicable to the period in which the profit was earned.

Current income tax and deferred income tax are accounted for and presented separately in the financial statements.

Current income tax and deferred income tax are recognised as expenses in the Statement of profit or loss and other comprehensive income, except for income tax arising from the revaluation of assets to fair value, which is recognised in the Bank's equity.

Deferred taxes are recognised when temporary differences arise between the carrying amount of an asset or liability in the Statement of financial position and its tax base.

Note 4. Accounting policy (continued)

Deferred tax liabilities are recognised for all temporary differences that increase the taxable base. Deferred tax assets are recognised for all temporary differences that decrease the taxable base and for unused tax losses carried forward, and are recognised only to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised or the tax losses carried forward can be used.

Deferred tax assets and liabilities are measured using the balance sheet liability method, using the tax rate that is expected to apply in the period in which the asset is realised or the liability is settled, based on tax rates and tax laws that are enacted or substantively enacted as at the reporting date of that period. Deferred tax assets and liabilities are not discounted.

Note 4.17. Share capital

Share capital is the amount of contributions paid by shareholders in respect of subscriptions for shares in the share capital, the amount of which is registered in accordance with the procedure established by the legislation of Ukraine.

In accordance with the Laws of Ukraine "On Banks and Banking Activities" and "On Joint Stock Companies", and the Bank's Charter, a decision on the issue of shares is taken by the General Meeting of Shareholders of the Bank.

Note 4.18. Dividends

Dividends are a portion of the Bank's profit distributed among shareholders in respect of each share held by them, in the amount established by a resolution of the General Meeting of Shareholders, within a period not later than six months after the end of the reporting year. The Bank pays dividends exclusively in cash.

Note 4.19. Recognition of income and expenses

Income and expenses are recognised in accordance with the accrual basis, the matching principle and prudence.

Income and expenses are recognised by the Bank when it is highly probable that the Bank will receive economic benefits.

As a result of its operating activities, the Bank generates the following income and expenses:

- interest income and expense;
- fee and commission income and expense;
- gains (losses) from trading operations;
- gains (losses) from impairment of financial assets;
- dividend income;
- income from recovery of assets previously written off;
- employee benefit expenses;
- depreciation and amortisation expense;
- administrative and other operating expenses and income;
- income tax.

Note 4. Accounting policy (continued)

Interest income and expense are operating income and expenses received (paid) by the Bank for the use of cash, cash equivalents or amounts owed to the Bank (attracted by the Bank), the amounts of which are calculated on a time-proportion basis using the effective interest rate. These include:

- income (expenses) on operations with funds placed with other banks (attracted from other banks);
- income (expenses) on loans and deposits granted to (received from) legal entities and individuals, and on other financial instruments, including securities;
- income in the form of amortisation of discount (premium).

Interest and related commissions are accrued at least monthly, irrespective of the frequency of actual settlements with the counterparty stipulated by the agreement.

Fee and commission income and expense (hereinafter, fees and commissions) are operating income and expenses for services rendered (received), the amount of which is calculated in proportion to the amount of the asset or liability or is fixed. Depending on the purpose of their measurement and the basis of accounting for the related financial instrument, fees and commissions for services rendered (received) are divided into:

- fees and commissions that are an integral part of the income (expense) of the financial instrument;
- fees and commissions received (paid) for services rendered, which are recognised as income (expenses);
- fees and commissions received (paid) after performance of certain actions, which are recognised as income (expenses) upon completion of the relevant transaction.

Fee and commission income (expense) for services provided on a continuous basis (settlement and cash services) was recognised throughout the term of the agreement. The Bank recognises income (expenses) on one-off services [for example, fees and commissions on foreign exchange transactions, provision (receipt) of advisory services] without using accrued income (expense) accounts if the funds are received (paid) in the reporting period in which the services are actually rendered (received).

Gains (losses) from trading operations represent the result (gain or loss) from transactions involving the purchase and sale of various financial instruments. Including transactions in securities, foreign currency and banking metals, the Bank recognises gains and losses:

- on derecognition of financial investments;
- from remeasurement of financial instruments at fair value;
- from foreign exchange differences on monetary assets and liabilities denominated in foreign currency and banking metals.

Gains (losses) from impairment of financial assets include expenses for creation of the allowance for expected credit losses and write-off of bad financial assets.

Dividend income is recognised as income from investments in equity securities and arises as a result of the Bank's holding of such instruments.

Note 4. Accounting policy (continued)

Income from recovery of assets previously written off represents funds received in settlement of indebtedness that had previously been recognised by the Bank as uncollectible.

Employee benefit expenses represent costs of maintaining the Bank's personnel (salaries, social security expenses, statutory payroll charges, insurance, additional benefits, bonuses, training, etc.).

Depreciation and amortisation expense represents the systematic allocation of the depreciable amount of property and equipment and intangible assets over their useful lives.

Administrative and other operating expenses and income include income and expenses arising from operations not related to investing or financing activities, as well as those not included in the above groups of operating income and expenses. In particular, these include: income (expenses) from operating leases (rentals); audit service expenses; cash collection expenses; income from derecognition of financial liabilities; penalties and fines received (paid) in respect of banking operations; and others.

Administrative expenses include operating expenses related to supporting the Bank's activities. These include: staff maintenance expenses; costs of maintenance and operation of property and equipment and intangible assets (repairs, insurance); other operating expenses (utilities, security, etc.); fees for professional services (legal and others); communication expenses (postage, telephone and similar expenses); taxes and other mandatory payments other than income tax; and other expenses aimed at servicing and managing the Bank.

Income tax expense includes current income tax and changes in deferred tax assets and liabilities determined in accordance with the tax legislation of Ukraine and the requirements of IFRS.

Income and expenses are grouped by nature in accordance with the line items of the financial statements, in particular in the Statement of profit or loss and other comprehensive income.

In determining the financial result for the reporting period, income for the reporting period shall be matched against the expenses incurred to earn that income. At the same time, income and expenses are recognised in the accounting records and financial statements when they arise, regardless of the date of receipt or payment of cash, in accordance with the accrual, matching and prudence principles.

Note 4.20. Foreign currency translation

Income and expenses denominated in foreign currencies were translated in the Statement of profit or loss and other comprehensive income at the official exchange rates of foreign currencies established by the National Bank of Ukraine as at the date of the transaction. Exchange differences arising in connection with foreign currency transactions were recognised as income or expense in the reporting period.

The Bank's monetary assets and liabilities denominated in foreign currencies are translated at the official exchange rate at the reporting date.

The official exchange rates of foreign currencies as at 31 December 2025 were as follows:

840 = USD = 100 = UAH 4,238.78

978 = EUR = 100 = UAH 4,985.65

Note 4. Accounting policy (continued)

Monetary items of the statement of financial position denominated in foreign currencies are translated using the closing exchange rate; non-monetary items measured at historical cost and recognised in the statement of financial position as a result of a foreign currency transaction are accounted for using the exchange rate at the date of the transaction. Revaluation of all foreign currency balance sheet accounts is performed upon each change in the official exchange rate of the National Bank of Ukraine. The Bank management's policy regarding the risk of losses arising from changes in foreign exchange rates is disclosed in the General Information on the Bank's activities in 2025 and in the note "Financial risk management".

Note 4.21. Offsetting of assets and liabilities

Financial assets and liabilities are offset, with only the net amount presented in the Statement of financial position (Balance Sheet), only when there is a legally enforceable right to offset the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

During the reporting year, no offsetting of assets and liabilities was performed.

Note 4.22. Employee benefits and related contributions

The Bank recognises employee benefit expenses at least monthly, which are presented in the Statement of profit or loss and other comprehensive income under the line item "Employee benefit expenses". Such payments include basic and additional salaries, payments for annual basic and additional leave, compensation for the first five days of temporary disability, bonuses and performance-related remuneration, expenses for creating a provision for unused employee leave, expenses for non-state pension provision for the Bank's employees, as well as expenses for taxes related to payroll and the unified contribution for compulsory state social insurance.

Note 4.23. Segment reporting

The Bank's activities are predominantly concentrated in one operating segment, namely treasury operations. This segment includes:

- money market operations involving attraction and placement of funds in the interbank market of Ukraine;

- foreign exchange market operations, including purchase and sale of foreign currency on behalf of customers and for the Bank's own position;

- transactions in securities in the Bank's portfolio.

Other operations include assets and liabilities that do not relate to the principal segment, in particular cash, correspondent accounts with the National Bank of Ukraine, balances related to the Bank's administrative and operating activities, settlements with employees, as well as settlements of taxes and charges payable to budgets and state earmarked funds.

Given the specific features of the Bank's organisational structure, transfer pricing was not applied in preparing segment reporting during 2025.

Note 4.24. Key estimates, assumptions and judgements

In its operating, financial, investing and business activities, and in reflecting the results thereof in the financial statements, the Bank uses estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities during the next reporting period. Estimates and judgements are continuously evaluated and are based on management's prior experience and other factors, including future events, the expectations of which are considered reasonable under the circumstances. In addition to judgements involving accounting estimates, the Bank's management also uses professional judgement in applying the accounting policies. The results of revisions to estimates and judgements are recognised in the period in which the revision occurs and remain effective until the next revision of estimates, assumptions and judgements.

Note 4. Accounting policy (continued)

The professional judgements that have the most significant effect on the amounts recognised in the financial statements, and the estimates that may result in significant adjustments to the carrying amounts of assets and liabilities in future periods, include:

Transactions with related parties

In the ordinary course of business, the Bank enters into transactions with related parties. In the absence of an active market, professional judgement is used to determine market interest rates. Such judgements are based on pricing for similar types of transactions with unrelated parties and on analysis of the effective interest rate.

Initial cost of financial instruments

The Bank is required to account for financial instruments at fair value on initial recognition. In the absence of an active market for the relevant financial instruments, professional judgement is applied to determine their market (non-market) rate, based on transactions entered into between independent, knowledgeable and willing parties, being the parties to the Bank's transactions.

Going concern

A fundamental assumption in the preparation of the financial statements is the going concern assumption – the Bank assumes that it will continue its operations for the foreseeable future and has neither the intention nor the need to liquidate or materially reduce the volume of its operations.

Note 4.25. Transactions with related parties

During 2025, the Bank entered into transactions with related parties, more detailed information on which is disclosed in Note 31 "Transactions with related parties" to these financial statements.

Note 5. New and revised standards**STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Set out below are new standards, amendments and interpretations that have been issued but are not yet effective as at the date of issue of the Bank's financial statements. The Bank intends to apply these standards, amendments and interpretations, if applicable, from their effective dates.

IFRS 18 "Presentation and Disclosure in Financial Statements"

In April 2024, the IASB issued IFRS 18, which will replace IAS 1 "Presentation of Financial Statements". IFRS 18 introduces new requirements for the presentation of information in the statement of profit or loss, including the presentation of certain totals and subtotals. In addition, in the statement of profit or loss, entities are required to present all income and expenses classified into five categories (the first three of which are new): operating, investing and financing, income taxes and discontinued operations.

The Standard includes requirements for disclosure of management-defined performance measures, subtotals of income and expenses, as well as new requirements for aggregation and disaggregation of financial information depending on the function of the primary financial statements and the notes.

As a result of the issuance of the new Standard, narrow-scope amendments were made to IAS 7 "Statement of Cash Flows", pursuant to which, when applying the indirect method, "operating profit or loss" will be used instead of "profit or loss" to determine cash flows from operating activities. In addition, the amendments remove the accounting policy choice for classification of cash flows arising from dividends and interest paid and received. Consequential amendments were also made to certain other standards.

IFRS 18 and the related amendments to other standards are effective for reporting periods beginning on or after 1 January 2027. Early application is permitted, provided that this fact is disclosed. IFRS 18 will be applied retrospectively.

The Bank is currently assessing the impact of these amendments on both the primary financial statements and the notes to the financial statements.

IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

In May 2024, the IASB issued IFRS 19, which permits entities meeting certain criteria to apply reduced disclosure requirements while applying in full the recognition, measurement and presentation requirements of other IFRS Accounting Standards. An entity may apply this Standard if, at the end of the reporting period, it is a subsidiary as defined in IFRS 10, does not have public accountability, and has a parent (ultimate or intermediate) that prepares consolidated financial statements in accordance with IFRS Accounting Standards that are available for public use.

IFRS 19 is effective for reporting periods beginning on or after 1 January 2027. Early application is permitted.

Note 5. New and revised standards (continued)**Amendments to IFRS 9 and IFRS 7 – “Amendments to the Classification and Measurement of Financial Instruments”**

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 – “Amendments to the Classification and Measurement of Financial Instruments”. These amendments:

- clarify that derecognition of a financial liability occurs on the settlement date and introduce an accounting policy choice (subject to certain conditions) to derecognise financial liabilities settled through an electronic payment system before the settlement date;
- provide additional guidance on how to assess contractual cash flows of financial assets with environmental, social and governance (ESG) features and similar characteristics;
- clarify what constitutes non-recourse financial assets and the characteristics of contractually linked instruments;
- introduce disclosure requirements for financial instruments with contingent features and additional disclosure requirements for equity instruments classified as measured at fair value through other comprehensive income.

The amendments are effective for annual periods beginning on or after 1 January 2026. Early application is permitted, but only for those provisions relating to the classification of financial assets and related disclosures.

These amendments are not expected to have a material impact on the Bank's financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11

In July 2024, as part of the regular update of IFRS Accounting Standards, the IASB issued nine narrow-scope amendments. These amendments include clarifications, simplifications, corrections and changes aimed at improving the consistency of the following standards: IFRS 1 “First-time Adoption of International Financial Reporting Standards”, IFRS 7 “Financial Instruments: Disclosures” and the accompanying Guidance on Implementing IFRS 7, IFRS 9 “Financial Instruments”, IFRS 10 “Consolidated Financial Statements” and IAS 7 “Statement of Cash Flows”.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted, provided that this fact is disclosed.

These amendments are not expected to have a material impact on the Bank's financial statements.

Amendments to IFRS 9 and IFRS 7 – “Contracts Referencing Nature-dependent Electricity”

In December 2024, the IASB issued amendments to IFRS 9 and IFRS 7 – “Contracts Referencing Nature-dependent Electricity”. The amendments apply only to contracts for the supply of electricity generated from natural sources. These amendments:

- clarify how to apply the own-use requirements to contracts within the scope of the amendments;
- amend the requirements for designation of a hedged item in cash flow hedge relationships for contracts within the scope of these amendments;
- add new disclosure requirements to enable investors to understand the effect of these contracts on an entity's financial performance and cash flows.

Note 5. New and revised standards (continued)

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted, provided that this fact is disclosed. The amendments relating to the own-use exception for electricity consumption are applied retrospectively, whereas the amendments relating to hedge accounting are applied prospectively to new hedge relationships designated after the date of initial application of the amendments. In addition, the amendments to IFRS 7 relating to disclosures must be applied at the same time as the amendments to IFRS 9. If an entity does not restate comparative information, disclosure of comparative information is not permitted.

These amendments are not expected to have a material impact on the Bank's financial statements.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS

The Bank applied for the first time certain standards and amendments that are effective for annual reporting periods beginning on or after 1 January 2025 (unless otherwise stated). The Bank has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Lack of Exchangeability – Amendments to IAS 21

The Lack of Exchangeability amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, which are effective for annual reporting periods beginning on or after 1 January 2025, specify how an entity should assess whether one currency is exchangeable into another and how it should determine the spot exchange rate when exchangeability is lacking. The amendments also require disclosures that enable users of the financial statements to understand how a lack of exchangeability between currencies affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

These amendments did not affect the Bank's financial statements.

(in thousands of UAH)

Note 6. Cash and cash equivalents

	2025	2024
Funds with the National Bank of Ukraine	24 894	58 582
Correspondent accounts with banks:	206 898	198 049
- – Ukraine	206 898	198 049
Certificates of deposit issued by the National Bank of Ukraine	581 144	250 092
Allowance for cash and cash equivalents	(29 180)	(30 818)
Total cash and cash equivalents	783 756	475 905

The Bank's funds are held in correspondent accounts with resident banks of Ukraine that are neither bankrupt nor in liquidation and in which no temporary administration has been introduced.

Note 7. Loans and advances to customers**Table 7.1. Loans and advances to customers**

	2025	2024
Loans and advances to customers measured at amortised cost	-	62 218
Allowance for impairment of loans	-	(3 486)
Total loans net of allowance	-	58 732

Table 7.2. Loans and advances to customers measured at amortised cost

	2025	2024
Loans granted to legal entities	-	62 218
Loans granted to individuals	-	-
Allowance for impairment of loans	-	(3 486)
Total loans net of allowance	-	58 732

Table 7.3. Analysis of the credit quality of loans and advances to customers measured at amortised cost as at 31 December 2024*

	Stage 1	Stage 2	Stage 3	Total
Performing assets	38 729	-	-	38 729
Low credit risk	38 729	-	-	38 729
Moderate credit risk	-	-	-	-
High credit risk	-	-	-	-
Non-performing assets**	-	-	23 489	23 489
Total loans and advances to customers	38 729	-	23 489	62 218

* Comparative data as at 31 December 2025 are not available.

** Assets for which the Bank has assigned the debtor/counterparty class as the lowest are non-performing assets.

(in thousands of UAH)

Note 7. Loans and advances to customers (continued)**Table 7.4. Analysis of movements in the allowance for impairment of loans and advances to customers measured at amortised cost**

	Stage 1	Stage 2	Stage 3	Total
Allowance for impairment as at 1 January 2024	(3 073)	-	(8 386)	(11 459)
(Increase)/decrease in the allowance for impairment during the year	(413)	-	8 386	7 973
Allowance for impairment as at 31 December 2024	(3 486)	-	-	(3 486)
(Increase)/decrease in the allowance for impairment during the year	3 486	-	-	3 486
Allowance for impairment as at 31 December 2025	-	-	-	-

The decrease in the allowance in the amount of UAH 3,486 thousand forms part of the amount of UAH 5,124 thousand reported in the Statement of profit or loss and other comprehensive income (line item "Net loss from impairment of financial assets").

Table 7.5. Distribution of loans by type of economic activity

	2025		2024	
	amount	%	amount	%
Wholesale trade, except of motor vehicles and motorcycles	-	-	38 729	62
Real estate activities	-	-	23 489	38
Total loans and advances to customers before allowance	-	-	62 218	100

Table 7.6. Information on loans by type of collateral as at 31 December 2024*

	Loans granted to legal entities	Loans granted to individuals	Total
Unsecured loans	38 729	-	38 729
Secured loans:	23 489	-	23 489
- by real estate	23 489	-	23 489
- including residential real estate	-	-	-
Total loans and advances to customers before allowance	62 218	-	62 218

* Comparative data as at 31 December 2025 are not available.

The value of collateral disclosed in this note is stated at the amount of expected future cash flows from the collateral, taking into account the collateral liquidity ratio and costs of its realisation, in accordance with the Bank's internal documents.

(in thousands of UAH)

Note 7. Loans and advances to customers (continued)**Table 7.7. Effect of collateral value on credit quality as at 31 December 2024***

	Carrying amount of the loan	Expected cash flows from the disposal of pledged collateral	Effect of collateral
Loans to legal entities	62 218	23 489	38 729
Loans to individuals	-	-	-
Total loans	62 218	23 489	38 729

* Comparative data as at 31 December 2025 are not available.

In calculating the allowance for reimbursement of possible losses from impairment of financial instruments, in order to comply with the prudence principle, the Bank takes into account only highly liquid collateral, the enforced recovery of which is more reliable.

Note 8. Investments in securities**Table 8.1 Investments in securities**

	2025	2024
Debt securities measured at fair value through other comprehensive income	599 494	857 411
Total securities	599 494	857 411

Table 8.2 Investments in securities measured at fair value through other comprehensive income

	2025	2024
Domestic government bonds	549 638	814 550
Government bonds of other countries	49 856	42 861
Allowance for debt securities measured at fair value through other comprehensive income	-	-
Total securities	599 494	857 411

Domestic government bonds (OVDP) are recognised in the Bank's portfolio at fair value through other comprehensive income and include accrued interest in the amount of UAH 10,942 thousand as at 31 December 2025.

Table 8.3. Analysis of the credit quality of investments in securities measured at fair value through other comprehensive income as at 31 December 2025.

	Stage 1	Stage 2	Stage 3	Total
Performing assets				
Minimal credit risk	547 647	-	-	547 647
Low credit risk	51 847	-	-	51 847
Moderate credit risk	-	-	-	-
High credit risk	-	-	-	-
Non-performing assets	-	-	-	-
Total securities	599 494	-	-	599 494

(in thousands of UAH)

Note 8. Investments in securities (continued)**Table 8.4. Analysis of the credit quality of investments in securities measured at fair value through other comprehensive income as at 31 December 2024**

	Stage 1	Stage 2	Stage 3	Total
Performing assets				
Minimal credit risk	810 211	-	-	810 211
Low credit risk	47 200	-	-	47 200
Moderate credit risk	-	-	-	-
High credit risk	-	-	-	-
Non-performing assets	-	-	-	-
Total securities	857 411	-	-	857 411

Note 9. Property, equipment and intangible assets

As at 31 December 2025, the Bank had no:

- property and equipment subject to restrictions on ownership, use or disposal as provided for by applicable law;
- property and equipment pledged as collateral, withdrawn from operation, temporarily not in use, or reclassified as assets held for sale;
- intangible assets subject to restrictions on title or for which title has not been duly formalised;
- increases or decreases arising from revaluations, or from impairment losses, recognised or created directly in equity.

Table 9.1. Property, equipment and intangible assets

	Machiner y and equipme nt	Instrument s, fixtures and fittings	Other fixed tangible assets	Capital expenditur es in property, equipment and intangible assets not yet commission ed	Intangible assets	Total
Carrying amount as at 31 December 2023	3 141	-	-	-	6 102	9 243
Initial cost	6 500	355	1 178	-	9 105	17 138
accumulated depreciation	(3 359)	(355)	(1 178)	-	(3 003)	(7 895)
Additions	3 819	-	47	-	-	3 866
Capital investments in the completion of property and equipment and improvements to intangible assets	166	-	-	2 122	4 968	7 256
Depreciation charge	(1 376)	-	(47)	-	(1 661)	(3 085)
Carrying amount as at 31 December 2024	5 750	-	-	2 122	9 408	17 280
Initial cost	10 485	355	1 225	2 122	14 073	28 260
Accumulated depreciation	(4 735)	(355)	(1 225)	-	(4 664)	(10 979)
Additions	1 221	-	59	6 515	455	8 250
Capital investments in the completion of property and equipment and improvements to intangible assets	-	-	-	-	4 581	4 581
Depreciation charge	(2 464)	-	(59)	-	(2 163)	(4 686)
Carrying amount as at 31 December 2025	4 507	-	-	8 637	12 281	25 425
Initial cost	11 706	355	1 284	8 637	19 109	41 091
Accumulated depreciation	(7 199)	(355)	(1 284)	-	(6 828)	(15 666)

(in thousands of UAH)

Table 9.1. Property, equipment and intangible assets (continued)**Table 9.2. Right-of-use assets**

	Real estate (lease)	Total
Carrying amount as at 31 December 2023	69	69
Initial cost	878	878
Depreciation	(809)	(809)
Recognition of the right-of-use asset	1 227	1 227
Depreciation charge for the year	(1 179)	(1 179)
Carrying amount as at 31 December 2024	48	48
Initial cost	1 227	1 227
Depreciation	(1 179)	(1 179)
Recognition of the right-of-use asset	1 735	1 735
Derecognition of the right-of-use asset	(1 963)	(1 963)
Depreciation charge for the year	(867)	(867)
Write-off of depreciation upon derecognition	1 963	1 963
Carrying amount as at 31 December 2025	916	916
Initial cost	999	999
Depreciation	(83)	(83)

Note 10. Other financial assets**Table 10.1. Other financial assets**

	2025	2024
Accrued income on services	1	-
Allowance for impairment of other assets	-	-
Total other assets net of allowances	1	-

Table 10.2. Analysis of changes in the allowance for impairment of other assets

	Prepayments for services	Total
Balance as at 31 December 2023	(1)	(1)
(Increase)/decrease in the allowance for impairment during the period	1	1
Balance as at 31 December 2024	-	-
(Increase)/decrease in the allowance for impairment during the period	-	-
Balance as at 31 December 2025	-	-

Note 11. Other assets

	2025	2024
Prepayments	2 358	6 415
Other	1	1
Allowance for other assets	-	-
Total other assets net of allowances	2 359	6 416

(in thousands of UAH)

Note 12. Customer accounts**Table 12.1 Customer accounts**

	2025	2024
Public organisations::	530	3 325
-current accounts	530	3 325
-term deposits	-	-
Other legal entities:	797 428	877 481
-current accounts	653 334	638 669
-term deposits	144 094	238 812
Individuals:	158 746	139 453
-current accounts	137 120	132 505
-term deposits	21 626	6 948
Total customer accounts	956 704	1 020 259

Table 12.2 Distribution of customer accounts by type of economic activity

	Amount	2025 %	Amount	2024 %
Financial and insurance activities	186 161	19,46	160 805	15,76
Financial services	411 461	43,01	461 903	45,27
Information and telecommunications	0	0,00	0	0,00
Trade	112 160	11,72	130 069	12,75
Agriculture and fisheries	3 168	0,33	62 565	6,13
Warehousing and support activities for transportation	259	0,03	3 630	0,36
Extractive industries	0	0,00	0	0,00
Construction	479	0,05	1 863	0,18
Electricity supply	1 432	0,15	5 266	0,52
Consultancy activities	25 528	2,67	4 962	0,49
Activities of public organisations	544	0,06	3 325	0,33
Manufacturing	33 902	3,54	25 987	2,55
Healthcare	0	0,00	0	0,00
Real estate activities	16 953	1,77	1 855	0,17
Individuals, including non-residents	158 746	16,59	139 453	13,67
Non-resident investors	5 911	0,62	18 576	1,82
Total customer accounts	956 704	100	1 020 259	100

(in thousands of UAH)

Note 13. Debt securities issued by the Bank

	2025	2024
Bonds (Series A)	72 091	4 686
Bonds (Series B)	2 605	2 615
Total	74 696	7 301

Series A (circulation period up to and including 8 April 2026). The interest rate on Series A bonds is set as follows:

- 10.0% (ten per cent) per annum in hryvnia for the 1st to 4th interest periods;
- 11.0% (eleven per cent) per annum in hryvnia for the 5th to 8th interest periods;
- 20.0% (twenty per cent) per annum in hryvnia for the 9th to 12th interest periods;
- 18.0% (eighteen per cent) per annum in hryvnia for the 13th to 16th interest periods;
- 16.0% (sixteen per cent) per annum in hryvnia for the 17th to 20th interest periods.

Series B (circulation period up to and including 7 April 2027). The interest rate on Series B bonds is set as follows:

- 11.0% (eleven per cent) per annum in hryvnia for the 1st to 8th interest periods;
- 20.0% (twenty per cent) per annum in hryvnia for the 9th to 16th interest periods;
- 18.0% (eighteen per cent) per annum in hryvnia for the 17th to 24th interest periods.

Note 14. Provisions for liabilities

	Loan liabilities	Total
Balance as at 31 December 2023	844	844
Recognition and/or (decrease)/increase in the provision	(264)	(264)
Balance as at 31 December 2024	580	580
Recognition and/or (decrease)/increase in the provision	78	78
Balance as at 31 December 2025	658	658

Provisions for liabilities comprise provisions for reimbursement of possible losses from impairment on guarantees issued, the validity period of which expires in 2026.

Note 15. Other financial liabilities

	2025	2024
Accounts payable on foreign currency transactions	1	1
Other financial liabilities	7	6 680
Total	8	6 681

Note 16. Other liabilities

	2025	2024
Accounts payable to the Bank's employees	19 173	22 110
Accounts payable for taxes and charges, other than income tax	434	245
Accounts payable on transactions with customers	3	28
Accrued expenses for telecommunication and operating services	147	151
Accounts payable relating to the right-of-use asset	921	77
Accounts payable for other accrued expenses	104	69
Total	20 782	22 680

(in thousands of units)

Note 17. Share capital

	Number of shares in issue	Ordinary shares	Preferred shares	Total
Balance as at 1 January 2025	122 000	122 000	-	122 000
Contributions for newly issued shares (units, interests)	-	-	-	-
Balance as at 31 December 2025	122 000	122 000	-	122 000

As at 31 December 2025, the Bank's share capital amounted to UAH 231,800 thousand. The Bank's share capital is divided into 122,000 ordinary registered shares. The shares are fully paid. The nominal value of one ordinary registered share as at 31 December 2025 was UAH 1,900. Ordinary registered shares entitle the shareholder to participate in the management of the Bank, receive dividends, exercise the pre-emptive right to acquire additionally issued shares if such shares are placed through a private placement, dispose of the shares held by each shareholder, and receive a portion of the Bank's assets or their value in the event of the Bank's liquidation. One ordinary registered share confers the right to one vote on each matter submitted to the General Meeting of Shareholders, except in cases of cumulative voting. Dividends to shareholders in respect of each share of a certain type held by them are paid out of the net profit for the reporting year and/or retained earnings in the amount determined by the resolution of the General Meeting of Shareholders, within a period not exceeding six months after the end of the reporting year. The Bank pays dividends exclusively in cash.

During the reporting period, there was no repurchase of the Bank's own shares.

Note 18. Revaluation reserves (components of other comprehensive income)

	2025	2024
Revaluation of debt financial instruments	(1 477)	(1 494)
Income tax relating to items of other comprehensive income that will be reclassified to profit or loss	369	747
Total revaluation reserves	(1 108)	(747)

(in thousands of UAH)

Note 19. Analysis of assets and liabilities by maturity dates

	Note	2025			2024		
		Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
Assets							
Cash and cash equivalents	6	783 756	-	783 756	475 905	-	475 905
Loans and advances to customers	7	-	-	-	35 243	23 489	58 732
Investments in securities	8	599 494	-	599 494	814 550	42 861	857 411
Income tax receivable		1 102	-	1 102	-	-	-
Deferred tax asset	23	215	-	215	448	-	448
Property, equipment and intangible assets	9	-	25 425	25 425	-	17 280	17 280
Right-of-use asset	9	916	-	916	48	-	48
Other financial assets	10	1	-	1	-	-	-
Other assets	11	2 012	347	2 359	6 069	347	6 416
Total assets		1 387 496	25 772	1 413 268	1 332 263	83 977	1 416 240
Liabilities							
Customer accounts	12	956 704	-	956 704	1 020 259	-	1 020 259
Debt securities issued by the Bank	13	72 091	2 605	74 696	-	7 301	7 301
Current income tax liability		-	-	-	2 455	-	2 455
Deferred tax liabilities	23	332	-	332	-	-	-
Other financial liabilities	15	8	-	8	6 681	-	6 681
Other liabilities	16	20 782	-	20 782	22 680	-	22 680
Provisions for liabilities	14	658	-	658	580	-	580
Total liabilities		1 050 575	2 605	1 053 180	1 052 655	7 301	1 059 956

(in thousands of UAH)

Note 20. Interest income and expense

	2025	2024
INTEREST INCOME CALCULATED USING THE EFFECTIVE INTEREST METHOD		
Interest income on financial assets measured at amortised cost		
Loans and advances to customers	1 527	9 293
Loans and advances to banks	235	-
Correspondent accounts with other banks	-	-
Certificates of deposit, corporate bonds	49 303	31 675
Total interest income on financial assets measured at amortised cost	51 065	40 968
INTEREST INCOME ON FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		
Debt securities	104 969	110 375
Total interest income on financial assets measured at fair value through other comprehensive income	104 969	110 375
Total interest income calculated using the effective interest method	156 034	151 343
INTEREST EXPENSE CALCULATED USING THE EFFECTIVE INTEREST METHOD		
Interest expense on financial liabilities measured at amortised cost		
Term funds of other banks	(4 904)	(536)
Current accounts	(43 027)	(21 646)
Term funds of legal entities	(4 473)	(16 759)
Funds of individuals	(8 456)	(4 382)
Debt securities issued by the Bank	(5 199)	(1 338)
Other borrowed funds	-	-
Lease liabilities	(59)	(89)
Other	-	-
Total interest expense calculated using the effective interest method	(66 118)	(44 750)
Net interest income	89 916	106 593

Compared with 2024, net interest income decreased.

Note 21. Fee and commission income and expense

	2025	2024
Fee and commission income		
Settlement transactions	11 534	12 070
Fee and commission income on foreign exchange transactions	1 232	2 418
Fee and commission income on guarantee transactions	189	189
Other	13	17
Total fee and commission income	12 968	14 694
Fee and commission expense		
Settlement transactions	(1 420)	(1 407)
Securities transactions	(15)	(19)
Other	(11)	(13)
Total fee and commission expense	(1 446)	(1 439)
Net fee and commission income	11 522	13 255

Compared with 2024, net fee and commission income decreased.

(in thousands of UAH)

Note 22. Administrative and other operating expenses**Table 22.1 Staff costs**

	2025	2024
Salaries and bonuses	(61 210)	(57 602)
Payroll taxes and contributions	(8 849)	(6 727)
Other employee benefits	(796)	(656)
Total staff costs	(70 855)	(64 985)

Table 22.2 Depreciation and amortisation expense

	2025	2024
Depreciation of property and equipment	(2 464)	(1 377)
Amortisation of software and intangible assets	(2 222)	(1 708)
Depreciation of the right-of-use asset	(867)	(870)
Total depreciation and amortisation expense	(5 533)	(3 955)

Table 22.3 Other administrative and operating expenses

	2025	2024
Personnel remuneration expenses	(10 956)	(8 729)
Costs of maintaining property and equipment and intangible assets	(7 711)	(5 994)
Other taxes and mandatory charges, other than income tax	(127)	(236)
Telecommunication services	(7 099)	(6 091)
Audit fees	(948)	(864)
Data storage services	(5 534)	(4 948)
Operating and maintenance services	(6 809)	(9 539)
Charity	-	(26 789)
Other	(3 622)	(3 522)
Total administrative and other operating expenses	(42 806)	(66 712)

The average number of the Bank's full-time employees in 2025 was 34.

Employee and staff benefit expenses comprised:

- payroll expenses, including basic and additional salaries, amounting to UAH 46,915 thousand;
- unified contribution for compulsory state social insurance of UAH 8,849 thousand;
- expenses for the creation of a provision for unused vacation leave of UAH 5,694 thousand;
- contributions to non-state pension provision for employees of UAH 276 thousand;
- expenses for remuneration of personnel under contracts of UAH 10,088 thousand;
- voluntary medical insurance and other types of insurance expenses of UAH 1,380 thousand.

Note 22. Administrative and other operating expenses (continued)**Table 22.4 Other administrative and operating expenses**

In 2025, fixed remuneration was paid to the members of the Supervisory Board (6 persons) in cash in the amount of UAH 6,336 thousand (2024: UAH 6,319 thousand). Remuneration to the members of the Supervisory Board in non-cash form was paid in the form of insurance premiums under a voluntary liability insurance contract in the amount of UAH 835 thousand (2024: UAH 758 thousand). Remuneration to the members of the Management Board (6 persons) in cash amounted to UAH 23,695 thousand (2024: 5 persons, UAH 19,817 thousand), comprising the following components: variable remuneration of UAH 3,860 thousand (2024: UAH 5,467 thousand) and fixed remuneration of UAH 19,835 thousand (2024: UAH 14,350 thousand). Non-cash remuneration was also paid in the form of insurance premiums: under a voluntary medical insurance contract in the amount of UAH 88 thousand (2024: UAH 68 thousand), and under a non-state pension provision contract in the amount of UAH 69 thousand (2024: UAH 60 thousand). Remuneration to key persons in cash amounted to UAH 20,952 thousand (2024: UAH 24,466 thousand), comprising the following components: variable remuneration of UAH 3,585 thousand (2024: UAH 5,095 thousand) and fixed remuneration of UAH 17,367 thousand (2024: UAH 19,371 thousand). Non-cash remuneration was also paid in the form of insurance premiums: under a voluntary medical insurance contract in the amount of UAH 238 thousand (2024: UAH 215 thousand), and under a non-state pension provision contract in the amount of UAH 133 thousand (2024: UAH 149 thousand). No variable remuneration was paid to the members of the Supervisory Board or the members of the Management Board in non-cash instruments in 2025.

The remuneration payment terms were not deferred and payments were made on time. There were no cases where the Bank exercised its right to reduce / cancel / recover variable remuneration previously paid to members of management bodies or key persons.

(in thousands of UAH)

Note 23. Income tax expense**Table 23.1 Income tax expense**

	2025	2024
Current income tax	(1 570)	(9 959)
Change in deferred income tax	(188)	129
Income tax withheld at source on foreign-sourced income		
Total income tax expense	(1 758)	(9 830)

Table 23.2 Reconciliation of accounting profit/loss and taxable profit/loss

	2025	2024
Profit before tax	5 923	20 122
Theoretical tax charge at the applicable tax rate	(1 481)	(10 061)
Tax effect of other permanent differences	5	(42)
Expenses not deductible for tax purposes	(94)	144
Change in deferred income tax	(188)	129
Income tax expense	(1 758)	(9 830)

Table 23.3 Tax effects related to the recognition of deferred tax assets and deferred tax liabilities as at 31 December 2025

	Balance as at 31 December 2024	Recognised in profit or loss	Recognised in OCI	Balance as at 31 December 2025
Tax effect of temporary differences that decrease (increase) the taxable amount and tax losses carried forward to future periods:				
revaluation of assets	45	-	287	332
property and equipment	113	(63)	-	50
allowances for impairment of assets	290	(125)	-	165
Deferred tax asset	448	(188)	(45)	215
Deferred tax liability			332	332

(in thousands of UAH)

Note 23. Income tax expense (continued)**Table 23.4 Tax effects related to the recognition of deferred tax assets and deferred tax liabilities as at 31 December 2024**

	Balance as at 31 December 2023	Recognised in profit or loss	Recognised in OCI	Balance as at 31 December 2024
Tax effect of temporary differences that decrease (increase) the taxable amount and tax losses carried forward to future periods:				
revaluation of assets	332	-	(287)	45
property and equipment	63	50	-	113
allowances for impairment of assets	211	79	-	290
Deferred tax asset	606	129	(287)	448

Note 24. Earnings/(loss) per ordinary and preference share**Table 24.1 Basic and diluted earnings/(loss) per ordinary and preferred share**

	2025	2024
Profit/(loss) attributable to holders of the Bank's ordinary shares (UAH thousand)	4 165	10 292
Profit/(loss) for the year (UAH thousand)	4 165	10 292
Weighted average number of ordinary shares outstanding (thousand shares)	122	122
Basic earnings/(loss) per ordinary share (UAH)	34,14	84,36
Diluted earnings/(loss) per ordinary share (UAH):		
Basic	34,14	84,36
Diluted	34,14	84,36

Table 24.2 Calculation of profit/(loss) attributable to holders of the Bank's ordinary and preference shares

	2025	2024
Profit/(loss) for the year attributable to the Bank's owners	4 165	10 292
Retained profit/(loss) for the year	4 165	10 292
Retained profit/(loss) for the year attributable to holders of ordinary shares, depending on the terms of the shares	4 165	10 292
Profit/(loss) attributable to holders of the Bank's ordinary shares	4 165	10 292

(in thousands of UAH)

Note 25. Operating segments**Table 25.1 Income, expenses and results of reportable segments for 2025**

	Operating segments		Total
	Treasury operations	Other	
Interest income	156 034	-	156 034
Fee and commission income	1 424	11 544	12 968
Net result on financial instruments measured at fair value through profit or loss	(1 588)	-	(1 588)
Net result on debt financial instruments measured at fair value through other comprehensive income	13 539	-	13 539
Net result on foreign currency transactions	3 854	-	3 854
Net result from revaluation of foreign currency	2 848	-	2 848
Other operating income	-	-	-
Total income	176 111	11 544	187 655
Interest expense	(66 118)	-	(66 118)
Fee and commission expense	(15)	(1 431)	(1 446)
Net gain from impairment of financial assets	5 124	-	5 124
Net gain/(loss) from decrease/(increase) in provisions for liabilities	(78)	-	(78)
Employee benefits expense	(70 855)	-	(70 855)
Depreciation and amortisation expense	-	(5 553)	(5 553)
Other administrative and operating expenses	(31 850)	(10 956)	(42 806)
Total expenses	(163 792)	(17 940)	(181 732)
Income tax expense	(1 758)	-	(1 758)

Table 25.2 Assets and liabilities of reportable segments for 2025

	Operating segments		Total
	Treasury operations	Other	
Segment assets	1 358 356	54 912	1 413 268
Total assets	1 358 356	54 912	1 413 268
Segment liabilities	1 031 407	21 773	1 053 180
Total liabilities	1 031 407	21 773	1 053 180

(in thousands of UAH)

Note 25. Operating segments (continued)**Table 25.3 Income, expenses and results of reportable segments for 2024**

	Operating segments		Total
	Treasury operations	Other	
Interest income	151 343	-	151 343
Fee and commission income	2 616	12 078	14 694
Net result on financial instruments measured at fair value through profit or loss	(2 015)	-	(2 015)
Net result on debt financial instruments measured at fair value through other comprehensive income	9 269	-	9 269
Net result on foreign currency transactions	1 721	-	1 721
Net result from revaluation of foreign currency	399	-	399
Other operating income	53	-	53
Total income	163 386	12 078	175 464
Interest expense	(44 750)	-	(44 750)
Fee and commission expense	(19)	(1 420)	(1 439)
Net gain from impairment of financial assets	26 235	-	26 235
Net gain/(loss) from decrease/(increase) in provisions for liabilities	264	-	264
Employee benefits expense	(64 985)	-	(64 985)
Depreciation and amortisation expense	-	(3 955)	(3 955)
Other administrative and operating expenses	(57 983)	(8 729)	(66 712)
Total expenses	(141 238)	(14 104)	(155 342)
Income tax expense	(9 830)	-	(9 830)

Table 25.4 Assets and liabilities of reportable segments for 2024

	Operating segments		Total
	Treasury operations	Other	
Segment assets	1 274 733	141 507	1 416 240
Total assets	1 274 733	141 507	1 416 240
Segment liabilities	1 034 241	25 715	1 059 956
Total liabilities	1 034 241	25 715	1 059 956

Note 26. Financial risk management

The Bank has developed and implemented procedures for risk management and control. The risk management process is based on the relevant regulatory documents of the National Bank of Ukraine. The Bank's risk management process comprises the prevention, identification, measurement, analysis, mitigation, control and monitoring, and reporting of all significant risks to which the Bank is exposed in the course of its activities.

Credit risk

Management of credit risk and limitation of its adverse impact on the Bank's operations is one of the key objectives of strategic management. In accordance with the recommendations of the Basel Committee on Banking Supervision, the Bank applies the standardised approach to credit risk assessment. The assessment is performed in two areas: qualitative and quantitative.

For the purpose of managing credit risk in transactions with legal entities and individuals, the Bank adheres to the following credit policy principles:

- investments are made exclusively in profitable and high-quality credit assets;
- a balanced approach to lending to corporate customers is based on an analysis of financial indicators, business activities, markets, industry trends, etc.;
- application of the "Know Your Customer" borrower identification principle;
- the decision to grant a loan is based on a high-quality analysis of the borrower's solvency, sources of loan repayment and business development prospects;
- diversification of the loan portfolio taking into account industry risks, exposure to global trends, export orientation and market volatility.

The ratio of the aggregate amount of all the Bank's claims on a counterparty or a group of related counterparties and all financial obligations provided by the Bank in respect of such counterparty or group of related counterparties to the Bank's regulatory capital (the "N7 ratio") must not exceed 25%. As at 31 December 2025, the N7 ratio was 7.44%.

Market risk

The Bank's risk management system is aimed at ensuring the achievement of business objectives in line with the Bank's defined development strategy and increasing its value, optimising the balance between potential opportunities and risks, the amount of capital and the Bank's growth rates.

The principal instruments for achieving these objectives are embodied in the Bank's integrated risk management system, which ensures coordination of the actions of all divisions within a single risk management strategy approved by the Bank's Supervisory Board.

(in thousands of UAH)

Note 26. Financial risk management (continued)**Foreign currency risk****Table 26.1 Foreign currency risk analysis**

Currency	2025			2024		
	Monetary assets	Monetary liabilities	Net foreign exchange position	Monetary assets	Monetary liabilities	Net foreign exchange position
USD	62 623	67 618	(4 995)	90 610	89 783	827
EUR	163 022	153 858	9 164	160 418	143 472	16 946
Total	225 645	221 476	4 169	251 028	233 255	17 773

The risk of financial losses and the probability of a decrease in capital value associated with changes in exchange rates and prices of banking metals that are adverse to existing open currency positions is an important type of risk arising in the course of the Bank's operations. The amount of possible financial losses depends on the size of open currency positions and the magnitude of changes in the relevant exchange rates.

The main methods and models for foreign currency risk management are defined by the Regulation on Foreign Currency Risk Management of JSC BANK AVANGARD.

The Bank has established internal limits for the total open foreign currency position. The methodology and mechanisms for foreign currency risk management are updated on an ongoing basis.

The Bank's foreign currency risk management process provides for daily control over compliance of the maximum possible amounts of open currency positions, based on the acceptable level of capital at risk, with the established open currency position limits, as well as analysis of exchange rate volatility and the amount of foreign currency risk under normal and stress conditions.

Parametric assessment methods based on the assumption of a normal distribution of exchange rate fluctuations (Value-at-Risk methodology, etc.) have proven unsuitable for forecasting the Bank's foreign currency risk in the current economic environment. In these circumstances, based on the analysis of exchange rate fluctuations, the level of risk for each open currency position and the acceptable level of risk were determined. Accordingly, open currency position limits were established, which are subject to daily monitoring by the risk management unit and serve as an instrument for limiting foreign currency risk.

(in thousands of UAH)

Note 26. Financial risk management (continued)**Table 26.2 Change in financial result and equity as a result of possible changes in exchange rates prevailing at the reporting date, assuming that all other variables remain constant**

	2025		2024	
	Impact on profit/(loss)	Impact on equity	Impact on profit/(loss)	Impact on equity
25% appreciation of the US dollar	(1 249)	(1 249)	207	207
25% depreciation of the US dollar	1 249	1 249	(207)	(207)
25% appreciation of the euro	2 291	2 291	4 237	4 237
25% depreciation of the euro	(2 291)	(2 291)	(4 237)	(4 237)

In order to ensure the Bank's stable operations, maintain regulatory capital in compliance with the requirements of the National Bank of Ukraine and taking into account the recommendations of the Basel Committee on Banking Supervision regarding minimum capital requirements, as well as to determine the amount of capital and monitor its adequacy with regard to all risks so as to ensure the uninterrupted operation of the Bank across all areas of its activities, the Bank has implemented an internal control model for monitoring capital adequacy.

The risk of financial losses and the probability of a decrease in capital value associated with changes in exchange rates and prices of banking metals that are adverse to existing open currency positions is an important type of risk arising in the course of the Bank's operations. The amount of possible financial losses depends on the size of open currency positions and the magnitude of changes in the relevant exchange rates. The analysis of the effect of forecast changes in exchange rates on the Bank's financial result is performed using approaches developed by the Bank.

The Bank does not consider other risks to be significant and, accordingly, does not monitor them.

Interest rate risk**Table 26.3 General analysis of interest rate risk in 2025**

Line item description	On demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than a year	Interest-free	Total
2025						
Total financial assets	1 131 167	20 291	-	-	231 793	1 383 251
Total financial liabilities	790 387	216 911	3 411	2 500	18 857	1 032 066
Net interest rate gap at the end of December 31	340 780	(196 620)	(3 411)	(2 500)	212 936	351 185

(in thousands of UAH)

Note 26. Financial risk management (continued)**Table 26.4 General analysis of interest rate risk in 2024**

Line item description	On demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than a year	Interest-free	Total
2024						
Total financial assets	857 411	35 243	-	23 489	475 905	1 392 048
Total financial liabilities	874 971	7 181	933	7 301	144 435	1 034 821
Net interest rate gap at the end of December 31	(17 560)	28 062	(933)	16 188	331 470	357 227

Table 26.5 Monitoring of interest rates on financial instruments

(%)

	2025				2024			
	UAH	USD	EUR	Other	UAH	USD	EUR	Other
Assets								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	20,0	-	9	-
Investments in securities	15,9	4,4	1,4	-	14,9	4,9	2,5	-
Other assets	-	-	-	-	-	-	-	-
Liabilities								
Due to banks	15,0	-	-	-	13,8	-	-	-
Customer accounts	8,4	0,2	1,4	-	6,4	1,1	1,3	-
Debt securities issued by the Bank	16,2	-	-	-	19	-	-	-
Other borrowed funds	-	-	-	-	-	-	-	-
Current accounts	8,0	0,1	0,02	-	5,8	1,0	0,8	-
Term funds	15,5	2,0	1,5	-	9,2	1,7	1,5	-
Other liabilities	-	-	-	-	-	-	-	-

(in thousands of UAH)

Note 26. Financial risk management (continued)**Geographical risk****Table 26.6 Analysis of geographical concentration of financial assets and liabilities for 2025**

	Ukraine	OECD	Other countries	Total
<u>Assets</u>				
Cash and cash equivalents	783 756	-	-	783 756
Loans and advances to banks	-	-	-	-
Loans and advances to customers	-	-	-	-
Investments in securities	599 494	-	-	599 494
Derivative financial assets	-	-	-	-
Other financial assets	1	-	-	1
Total financial assets	1 383 251	-	-	1 383 251
<u>Liabilities</u>				
Due to banks	-	-	-	-
Customer accounts	946 930	6 050	3 724	956 704
Debt securities issued by the Bank	74 696	-	-	74 696
Derivative financial liabilities	-	-	-	-
Other financial liabilities	666	-	-	666
Total financial liabilities	1 022 292	6 050	3 724	1 032 066

Assets and liabilities were classified based on the counterparty's country of residence.

Table 26.7 Analysis of geographical concentration of financial assets and liabilities for 2024

	Ukraine	OECD	Other countries	Total
<u>Assets</u>				
Cash and cash equivalents	475 905	-	-	475 905
Loans and advances to banks	-	-	-	-
Loans and advances to customers	58 732	-	-	58 732
Investments in securities	857 411	-	-	857 411
Derivative financial assets	-	-	-	-
Other financial assets	-	-	-	-
Total financial assets	1 392 048	-	-	1 392 048
<u>Liabilities</u>				
Due to banks	-	-	-	-
Customer accounts	996 444	5 213	18 602	1 020 259
Debt securities issued by the Bank	7 301	-	-	7 301
Derivative financial liabilities	-	-	-	-
Other financial liabilities	7 261	-	-	7 261
Total financial liabilities	1 011 005	5 213	18 602	1 034 821

Assets and liabilities were classified based on the counterparty's country of residence..

(in thousands of UAH)

Note 26. Financial risk management (continued)**Liquidity risk****Table 26.8. Analysis of financial assets and liabilities by maturity based on expected maturities as at 31 December 2025**

	On demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	More than 5 years	Total
Assets						
Cash and cash equivalents	763 465	20 291	-	-	-	783 756
Amounts due from banks	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Investments in securities	599 494	-	-	-	-	599 494
Derivative financial instruments	-	-	-	-	-	-
Other financial assets	1	-	-	-	-	1
Total financial assets	1 362 960	20 291	-	-	-	1 383 251
Liabilities						
Amounts due to banks	-	-	-	-	-	-
Customer accounts	805 883	143 761	7 060	-	-	956 704
Debt securities issued	-	-	72 196	2 500	-	74 696
Derivative financial liabilities	-	-	-	-	-	-
Other financial liabilities	8	0	658	-	-	666
Total financial liabilities	805 891	143 761	79 914	2 500	-	1 032 066
Net liquidity gap as at 31 December	557 069	(123 470)	(79 914)	(2 500)	-	351 185
Cumulative liquidity gap as at 31 December	557 069	433 599	353 685	351 185	351 185	

Table 26.9 Analysis of financial assets and liabilities by maturity based on expected maturities as at 31 December 2024

	On demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	More than 5 years	Total
Assets						
Cash and cash equivalents	475 905	-	-	-	-	475 905
Amounts due from banks	-	-	-	-	-	-
Loans and advances to customers	-	-	35 243	23 489	-	58 732
Investments in securities	857 411	-	-	-	-	857 411
Derivative financial instruments	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-
Total financial assets	1 333 316	-	35 243	23 489	-	1 392 048
Liabilities						
Amounts due to banks	-	-	-	-	-	-
Customer accounts	874 175	137 970	8 114	-	-	1 020 259
Debt securities issued	-	-	-	7 301	-	7 301
Derivative financial liabilities	-	-	-	-	-	-
Other financial liabilities	6 681	-	580	-	-	7 261
Total financial liabilities	880 856	137 970	8 694	7 301	-	1 034 821
Net liquidity gap as at 31 December	452 460	(137 970)	26 549	16 188	-	357 227

Cumulative as at 31 December	liquidity	gap	452 460	314 490	341 039	357 227	357 227
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Note 26. Financial risk management (continued)

In compliance with the requirements of the NBU, the Bank has implemented the Internal Liquidity Adequacy Assessment Process (ILAAP). According to the internal liquidity adequacy assessment performed, the Bank's internal liquidity (both short-term and long-term) is sufficient to cover all possible risks under both the economic and regulatory perspectives.

Other risks

The system for managing other risks, namely operational risk, compliance risk, strategic risk, reputational risk and professional activity risk in the securities market, includes:

- definition of the key principles of risk management;
- identification, recording and description of risks separately for each type of risk;
- risk assessment and control (monitoring) of risk levels;
- measures aimed at risk reduction (mitigation) and elimination of the adverse consequences of risk events, including the procedure and sources of financing measures to compensate for incurred losses;
- establishment of the Bank's management structure and development of internal rules, procedures and technologies taking into account the key risk management principles adopted by the Bank.

The process of managing operational risk, compliance risk, strategic risk, reputational risk and professional activity risk in the securities market provides for effective management at all stages (from risk identification to its mitigation and control) and is carried out using a system of relevant parameters.

The main purpose of establishing and operating the system of parameters for managing operational risk, compliance risk, strategic risk, reputational risk and professional activity risk in the securities market is to ensure the adoption of appropriate management decisions aimed at reducing the impact of risk on the Bank as a whole and on specific areas of the Bank's activities.

(in thousands of UAH)

Note 27. Capital management

The Bank's objective in managing capital is to ensure compliance with the capital requirements established by the National Bank of Ukraine and to cover the adverse effects of crisis events. In order to determine the level of capital, the Bank assesses the level of regulatory capital and capital adequacy ratios. Regulatory capital is one of the most important indicators of banks' operations, the main purpose of which is to cover the adverse effects of various risks assumed by the Bank in the course of its activities and to ensure protection of deposits, financial soundness and the stable operation of the Bank.

The Bank calculates regulatory capital on the basis of regulatory requirements applicable to the components of Tier 1 capital, which consists of Common Equity Tier 1 capital (CET1) and Additional Tier 1 capital (AT1), and Tier 2 capital. As at 31 December 2025, the Bank's regulatory capital structure included Tier 1 capital in the form of Common Equity Tier 1 capital only, as there were no AT1 capital components or Tier 2 capital components.

Regulatory capital structure

	31.12.2025	31.12.2024
Common Equity Tier 1 capital (CET1):	335 299	344 300
Own CET1 instruments		
aggregate nominal value of own CET1 instruments comprising ordinary shares/units in the Bank's registered share capital	231 800	231 800
Profit		
retained earnings of prior years	107 789	103 115
reserve and other funds of the Bank	17 443	11 825
current year interim profit	-	10 292
Deductions from CET1:		
intangible assets net of accumulated amortisation	(12 282)	(9 409)
capital investments in intangible assets	(8 327)	(2 122)
negative revaluation result on debt financial assets measured at fair value through other comprehensive income	(1 108)	(747)
accrued income not received for more than 30 days from the date of accrual, for which the payment term under the contract has not expired	(16)	(6)
deferred tax assets	-	(448)
deferred tax liabilities	-	-
Additional Tier 1 capital (AT1)	-	-
Tier 1 capital	335 299	344 300
Tier 2 capital	-	-
Total regulatory capital	335 299	344 300
Regulatory capital adequacy ratio (RCR) (not less than 8.50%)		45,95%
Regulatory capital adequacy ratio (RCR) (not less than 10%)	46,66%	
Tier 1 capital adequacy ratio (T1CR) (not less than 7.50%)	46,66%	45,95%
Common Equity Tier 1 capital adequacy ratio (CET1CR) (not less than 5.625%)	46,66%	45,95%

Note 27. Capital management (continued)

The data presented in the table include adjusting entries as at the end of the day on 31 December 2025. Capital adequacy ratios [the regulatory capital adequacy ratio (RCR), the Tier 1 capital adequacy ratio (T1CR) and the Common Equity Tier 1 capital adequacy ratio (CET1CR)] are the most important indicators of the Bank's operations, determining the actual level of coverage available for the consequences of risks assumed by the Bank in the course of its activities.

In compliance with the requirements of the NBU, the Bank has implemented the Internal Capital Adequacy Assessment Process (ICAAP). According to the internal capital adequacy assessment performed, the Bank's internal capital is sufficient to cover all possible risks under both the economic and regulatory perspectives.

On an annual basis, the ALCO oversees the preparation of the capitalisation plan, which forms part of the Bank's budget and is intended to ensure that the Bank complies with minimum capital requirements. The plan details projected capital and asset growth, dividend distributions, future business expansion, losses on problem loans and projected income. The plan is also aimed at maintaining capital adequacy in accordance with the regulatory requirements of the National Bank of Ukraine. Owing to the Bank's effective capital management policy, the Bank complied with the capital ratios throughout 2025.

(in thousands of UAH)

Note 28. Contingencies and commitments**Table 28.1. Structure of loan commitment**

	31.12.2025	31.12.2024
Loan commitments granted	8 000	1 500
Guarantees issued	4 986	4 393
Allowance for credit-related commitments	(658)	(580)
Total credit-related commitments net of allowance	12 328	5 313

Table 28.2. Lending commitments by currency

	31.12.2025	31.12.2024
UAH	8 000	1 500
EUR	4 328	3 813
Total	12 328	5 313

By decision of the Commercial Court of the City of Kyiv dated 6 February 2025, the claim of the State, represented by the Cabinet of Ministers of Ukraine, against the Bank and other defendants for recovery of funds was dismissed. The substance of the claim is a contention that the Bank allegedly used, without sufficient legal grounds, funds which, in the claimant's opinion, had become state property and, as a consequence, seeks recovery from the defendants of the interest income received from the use of such funds, inflationary adjustment and 3% per annum for breach of a monetary obligation.

In the opinion of the Bank's management, which is supported by the opinions of several independent law firms with impeccable reputations, the claims against the Bank are unfounded, as they do not take into account all the circumstances of the case, the absence of proper regulation and/or conflicting legal provisions governing legal relations relating to the seizure of assets, as well as the Bank's right under Article 1066 of the Civil Code of Ukraine to use all funds held in its customers' accounts while guaranteeing their right to dispose of such funds without restriction.

The claimant filed an appeal. As at the reporting date, no decision of the appellate court had been issued.

The Bank has a strong legal position on the merits of the dispute and, therefore, does not consider that there is a risk of the claimant's claims being satisfied and, accordingly, does not identify any risk to the Bank's going concern.

In addition, the Bank is involved as a third party without independent claims in several court proceedings brought by the Bank's ultimate beneficial owners against the National Bank of Ukraine in respect of regulatory decisions based on its professional judgement.

Under the most probable scenarios of future developments, the claims will not have a significant effect on the Bank's financial position, and the costs of legal support in the court proceedings will remain at a reasonable market level. The unique nature of the claim gives rise to significant uncertainty in this matter; however, the Bank's management does not identify any threat to the Bank's ability to continue as a going concern.

(in thousands of UAH)

Note 29. Fair value of financial instruments

In accordance with the Accounting Policy, fair value is the amount for which an asset could be exchanged or a liability settled in a transaction between knowledgeable, willing and independent parties, namely:

- the fair value of an asset is the amount that would have to be paid to acquire (exchange) such asset;
- the fair value of a liability is the amount at which such liability could be settled.

The fair value of financial assets that are freely traded in the market is their quoted price in an active market. Where the market for a financial instrument is not active, or where there is no information on current market prices, or where it is impossible to identify similar valuation objects, the Bank applies valuation techniques and assumptions for each class of financial assets or financial liabilities in order to determine estimated fair value.

As at 31 December 2025, securities measured at fair value through other comprehensive income, derivative financial assets and derivative financial liabilities are carried at fair value.

The Bank considers that the fair value of such highly liquid assets/liabilities as cash and cash equivalents and short-term funds attracted/placed may be approximated to their carrying amount.

Table 29.1 Information on financial assets recognised in the Bank's statement of financial position as at 31 December 2025, for which fair value information is disclosed:

			Fair value by various valuation methods			Total	Carrying amount
			Market quotations (level 1)	Valuation method using observable data (level 2)	Valuation method using indicators not supported by observable market data (level 3)		
Assets							
Cash and cash equivalents	31.12.2025		783 756	-	-	783 756	783 756
Securities in the Bank's portfolio measured at fair value through other comprehensive income	31.12.2025		599 494	-	-	599 494	599 494
Financial assets measured at fair value through profit or loss	31.12.2025		-	-	-		
Liabilities							
Financial liabilities measured at fair value through profit or loss	31.12.2025		-	-	-	-	-

(in thousands of UAH)

Note 29. Fair value of financial instruments (continued)**Table 29.2 Information on financial assets recognised in the Bank's statement of financial position as at 31 December 2024, for which fair value information is disclosed:**

			Fair value by various valuation methods			Total	Carrying amount
		Valuation date	Market quotations (level 1)	Valuation method using observable data (level 2)	Valuation method using indicators not supported by observable market data (level 3)		
Assets							
Cash and cash equivalents		31.12.2024	475 905	-	-	475 905	475 905
Securities in the Bank's portfolio measured at fair value through other comprehensive income		31.12.2024	857 411	-	-	857 411	857 411
Financial assets measured at fair value through profit or loss		31.12.2024	-	-	-	-	-
Liabilities							
Financial liabilities measured at fair value through profit or loss		31.12.2024	-	-	-	-	-

(in thousands of UAH)

Note 30. Presentation of financial instruments by measurement categories**Table 30.1. Presentation of financial assets by measurement categories for 2025**

	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total
Cash and cash equivalents	783 756	-	-	783 756
Loans and advances to customers:	-	-	-	-
loans to legal entities	-	-	-	-
loans to individuals	-	-	-	-
Investments in securities	-	599 494	-	599 494
Total financial assets	783 756	599 494	-	1 383 250

Table 30.2. Presentation of financial liabilities by measurement categories for 2025

	Financial liabilities that at amortised cost	Financial liabilities at fair value through profit / loss		Total
		financial liabilities that are initially recognised at fair value through profit or loss	financial liabilities held for trade	
Amounts due to customers	956 704	-	-	956 704
Debt securities issued by the Bank	74 696	-	-	74 696
Other borrowed funds	-	-	-	-
Derivative financial liabilities	-	-	-	-
Other financial liabilities	8	-	-	8
Provisions for liabilities	658	-	-	658
Total financial liabilities	1 032 066	-	-	1 032 066

(in thousands of UAH)

Note 30. Presentation of financial instruments by measurement categories (continued)**Table 30.3. Presentation of financial assets by measurement categories for 2024**

	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total
Cash and cash equivalents	475 905	-	-	475 905
Loans and advances to customers:	58 732	-	-	58 732
loans to legal entities	58 732	-	-	58 732
loans to individuals	-	-	-	-
Investments in securities	-	857 411	-	857 411
Total financial assets	534 637	857 411	-	1 392 048

Table 30.4. Presentation of financial liabilities by measurement categories for 2024

	Financial liabilities that at amortised cost	Financial liabilities at fair value through profit / loss		Total
		financial liabilities that are initially recognised at fair value through profit or loss	financial liabilities held for trade	
Amounts due to customers	1 020 259	-	-	1 020 259
Debt securities issued by the Bank	7 301	-	-	7 301
Other borrowed funds	-	-	-	-
Derivative financial liabilities	-	-	-	-
Other financial liabilities	6 681	-	-	6 681
Provisions for liabilities	580	-	-	580
Total financial liabilities	1 034 821	-	-	1 034 821

(in thousands of UAH)

Note 31. Related party transactions**Table 31.1. Balances on related party transactions for 2025**

	Major shareholders of the Bank	Jointly controlled companies	Key management personnel	Other related parties
Amounts due to customers (contractual interest rate depending on currency and product)	5 075	217 611	10 666	2 656

Table 31.2. Income and expenses from transactions with related parties for 2025

	Major shareholders of the Bank	Jointly controlled companies	Key management personnel	Other related parties
Interest income	-	-	-	-
Interest expense	(10)	(16 633)	(585)	(98)
Fee and commission income	24	2 866	11	9
Net loss from impairment of financial assets	-	-	-	-
Other operating income	-	1	-	-
Administrative and other expenses	-	(151)	-	-
Short-term employee benefits	-	-	(35 708)	-

* Key management personnel comprise members of the Bank's Supervisory Board and Management Board.

During 2025, the Bank entered into transactions with related parties on an arm's length basis.

Table 31.3 Balances on related party transactions for 2024

	Major shareholders of the Bank	Jointly controlled companies	Key management personnel	Other related parties
Amounts due to customers (contractual interest rate depending on currency and product)	17 727	147 496	3 045	767

Table 31.4. Income and expenses from transactions with related parties for 2024

	Major shareholders of the Bank	Jointly controlled companies	Key management personnel	Other related parties
Interest income	-	-	-	-
Interest expense	(17)	(7 555)	(394)	(37)
Fee and commission income	24	1 721	10	4
Net loss from impairment of financial assets	-	-	-	-
Other operating income	-	-	-	-
Administrative and other expenses	-	(132)	-	-
Short-term employee benefits	-	-	(31 851)	-

* Key management personnel comprise members of the Bank's Supervisory Board and Management Board.

During 2024, the Bank entered into transactions with related parties on an arm's length basis.

Note 32. Events after the reporting date

In connection with the ongoing full-scale armed aggression of the Russian Federation against Ukraine, based on the proposal of the National Security and Defence Council of Ukraine, the President of Ukraine signed the laws extending the period of martial law and general mobilisation in Ukraine from 3 February 2026 for a period of 90 days (i.e. until 4 May 2026).

The unpredictability of scenarios for the further development of hostilities does not make it possible to assess accurately what proportion of customers will be able to return to normal loan servicing and within what time horizon. However, even under an optimistic scenario, losses for banks will be significant.

In view of the situation, the Bank's management performs daily operational monitoring of the Bank's activities and ensures a prompt response to current events and changes in circumstances. In addition, when assessing possible scenarios of future developments and taking into account the specific nature of its assets, the Bank's management estimates potential losses to be lower than the industry average and not such as would affect the Bank's ability to continue as a going concern.

The Bank intends to continue complying with the requirements of the National Bank of Ukraine regarding the amount of share capital and regulatory capital, as well as the established prudential ratios.

No other events that could be significant to users of the Bank's financial statements occurred after the reporting date.

27 February 2026

Chairperson of the Board _____ /Svitlana Korchynska /

Chief Accountant _____ /Nataliia Derkachenko/

FREE TRANSLATION FROM THE UKRAINIAN ORIGINAL

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Supervisory Board of "BANK AVANGARD", JSC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of JOINT STOCK COMPANY "BANK AVANGARD" (the Bank), which comprise the statement of financial position as at December 31, 2025, and the statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including the 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 at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and meets the requirements of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" regarding the preparation of financial statements.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which discloses that on February 24, 2022, Russian troops began invading Ukraine and active hostilities are currently taking place. These events or conditions, together with other issues set out in Note 2, indicate that there is significant uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern. Our opinion on this issue has not been modified.

During the audit of the financial statements, we concluded that the use of the principle of going concern by management in the preparation of financial statements is appropriate. Our assessment of management's assumptions about the Bank's ability to continue to apply the going concern basis in accounting included:

- Assessment of the negative consequences of continued military aggression on the banking sector of Ukraine.
- Analysis of the scenarios of the situation identified by the Bank's management and possible actions in response to the leadership of Ukraine, the world community and the Bank's management.
- Analysis of possible changes in the basic indicators of the Bank's activities in terms of asset impairment, falling volumes and margins of banking operations.
- Analysis of regulatory capital adequacy and liquidity, ways to maintain them at a sufficient level.

We have found that forecasts of the situation and the corresponding negative consequences are very difficult to build due to the unpredictability of the actions of the Russian leadership. At the same time, management assumptions about the most likely scenarios are reasonable.

Our responsibilities and the responsibilities of management for going concern are described in the relevant sections of this report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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 an opinion on these matters.

In addition to the matter described in the «Material Uncertainty Related to Going Concern» section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the Key Audit Matter Was Considered in Our Audit
<i>Expected credit losses (Note 6, 7)</i> The estimation of expected credit losses is a key area of professional judgment of the Bank's management. Identifying of impairment and determination of amount of expected reimbursement include some assumptions and analysis of different factors, including the financial position of borrower, expected future cash flow and fair value of collaterals. The use of various assumptions may be result of various estimates of expected credit losses. Considering the materiality of financial assets balances and a certain level of subjectivity of judgments, we have determined estimation of expected credit losses as the key matter of the audit.	In testing expected credit losses we performed the following significant audit procedures: • We assessed the methodologies used to determine expected credit losses and their compliance with the IFRS • We analyzed the documentation of the processes of financial assets monitoring and credit risk provisioning, and critically assessed whether these processes are suitable for identifying loan losses and adequately reflecting the recoverability of financial assets. We also assessed the processes and tested key controls regarding their design and implementation, including the relevant IT systems, and tested their effectiveness on a sample basis. • By performing analytical audit procedures, we examined the development of receivables with regard to the quality, type of care, rating and level allocation throughout the year and in comparison with the previous year. • We tested individual financial assets selected on the basis of a sample determined according to risk criteria. For defaulted loans, we assessed the Bank's estimates of the amount and timing of recoveries, taking into account collateral, and examined whether the assumptions used in the calculation were appropriate and derivable from internal or external evidence. For non-defaulted loans, we examined whether indicators of default exist. • In order to assess the appropriateness of the expected credit losses for non-defaulted loans (Stage 1 and Stage 2), we examined the plausibility of assumptions and the statistical/mathematical appropriateness of the models used, as well as the proper application of the models. In particular, we examined the assumptions in connection with forward-looking information. Furthermore, we examined the appropriateness of the assumptions "probability of default", "loss given default" and the level allocation model, taking into account the results of the bank's internal validations, and reperformed selected calculation steps. In addition, we tested the effectiveness of key

automated controls of the IT systems relevant for the calculation.

- We assessed whether the disclosures in the notes to the financial statements regarding the calculation of expected credit losses and the significant assumptions and estimation uncertainties are appropriate.

Fair value of investment securities (Note 8)

The fair value of the investment securities measured at FVPL or FVOCI is determined through the application of valuation techniques which can involve the exercise of significant judgement in relation to determination of the appropriate valuation method and model assumptions and inputs.

Where significant pricing inputs are unobservable, management has limited reliable, relevant market data available in determining the fair value and hence estimation uncertainty can be high. In addition, there may also be valuation complexity due to the absence of the active market.

The effect of these matters, coupled with increased estimation uncertainty stemming from the current volatile economic environment, is that we considered this area to be associated with a significant risk of material misstatement in the separate financial statements, which required our increased attention in the audit and as such was determined to be a key audit matter.

Considering the materiality of the balances of investment securities and the increased uncertainty of the estimates, we identified the fair value of investment securities as a key audit matter.

The following are the primary procedures we performed to address this key audit matter:

- We obtained understanding of the valuation process for investment securities, including key data inputs and assumptions
- We assessed the Bank's fair value methodology against the financial reporting requirements and the market practice
- We involved our own valuation specialists, who assisted us in developing independent expectation of fair value range for investment securities
- On a sample basis, we tested key inputs into the fair value calculations such as historical exchange rates, terms of financial instruments and discount rates
- For fair value disclosures, we examined whether they appropriately addressed the relevant quantitative and qualitative requirements of the applicable financial reporting framework.

Other Information

Management is responsible for the other information. The other information comprises as of the date of this Auditor's report is the Management Report including Corporate Management Report. The other information which we expected to receive after the date of this Auditor's report is Annual Information on the Issuer of Securities.

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 or inconsistent with legal requirements.

If, based on the work we have performed on the other information obtained prior to the date of this Auditor's report, we conclude that there is a material misstatement or inconsistency with legal requirements of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Information on the Issuer of Securities, and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the NSSMC.

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

Management is responsible for preparation and fair presentation of these financial statements in accordance with IFRS and the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" 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.

Preparing the financial statements, management is responsible for assessment Bank's ability to continue as a going concern, disclosure, if applicable, issues regarding going concern and apply going concern as a basis for accounting, except, if the management plans to liquidate the Bank or discontinue the activity or have not any other real alternatives for it.

Supervisory Board is responsible for overseeing the process of financial reporting of the Bank.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We provide the Supervisory Board with information about the planned scope and timing of the audit and significant audit results, including any significant deficiencies in internal control measures identified by us during the audit.

We also acknowledge to the Supervisory Board that we have complied with the relevant ethical requirements for independence, and inform them of any relationship and other matters that may reasonably be considered to affect our independence and, where applicable, of appropriate safeguards.

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

Report on the requirements of other laws and regulations

Law of Ukraine "On Audit of Financial Statements and Auditing"

In accordance with the Law of Ukraine "On Audit of Financial Statements and Auditing" dated December 21, 2017, No. 2258-VIII, auditors must provide additional information and assurances.

Basic information about the audit firm

Full name	AC «CROWE UKRAINE»
Location	Obolonska Naberezhna 33, Kyiv, 04210 Ukraine
Information on inclusion in the Register of audit firms and auditors	Registration number in the Register of Auditors and Audit Entities 3681 An auditing entity that has the right to conduct a statutory audit of financial statements An auditing entity that has the right to conduct a statutory audit of the financial statements of public interest entities
Name of the body that appointed the auditing entity to conduct the statutory audit	Supervisory Board of the Bank
Date of appointment of the audit entity	30.09.2025 (Minutes of the meeting of the Supervisory Board №9)
Duration of the audit task without interruption, taking into account the continuation of mandates and reappointments for the provision of statutory audit services	6 th year

We confirm that the auditor's opinion presented in the Audit Report on the financial statements is consistent with the additional report to the Supervisory Board's Audit Committee of the Bank.

We declare that no prohibited non-audit services referred to Article 6 of the Law of Ukraine "On audit of financial statements and auditing" were provided to the Bank.

The key audit partner and audit entity are independent of the Bank in conducting the audit.

We did not provide services other than statutory audit services and services disclosed in the management report or financial statements during the period covered by the financial statements and during the audit of the financial statements.

ISAs require the auditor to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The term "sufficient certainty" allows for some risk of significant monetary inconsistencies that may remain undetected; it is also assumed that the auditor cannot provide an absolute guarantee of the accuracy and completeness of the financial statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The terms of the ISAs require that the audit be planned in such a way as to ensure that errors and inconsistencies that could materially affect the financial statements are sufficiently probable. However, because the auditor will not audit all transactions performed by the entity during the year, the audit may not provide complete assurance that errors and inconsistencies, including fraud, will be identified.

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

For and on behalf of AC CROWE UKRAINE

Audit Director
Registered Auditor #100594

Vitaliy HAVRYSH

Engagement partner
Registered Auditor #101572

Oleksandr KONOVCHEKO

Kyiv, Ukraine

February 27, 2026