

**“The State Export-Import Bank of Ukraine”
Joint Stock Company**

Interim condensed consolidated financial statements

For nine months ended 30 September 2023

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**as at 30 September 2023***(thousands of Ukrainian hryvnia)*

		30 September 2023 (unaudited)	31 December 2022
	Notes		
Assets			
Cash and cash equivalents	4	95 532 298	81 386 122
Loans and advances to banks	7	586 613	593 472
Loans and advances to customers	8	73 902 027	82 429 861
Investments in securities	9	67 500 983	62 486 708
Current tax assets		2 805	2 866
Derivative financial assets	12	740 084	2 324 622
Other financial assets	10	470 225	451 967
Other non-financial assets	11	174 914	137 714
Investment property		662 593	667 496
Property, plant and equipment		1 995 647	1 986 866
Intangible assets		55 171	63 460
Deferred tax assets		1 414 884	1 414 884
Non-current assets classified as held for sale		207 716	218 877
Assets		243 245 960	234 164 915
Liabilities			
Due to other banks	13	3 338 555	22 158 638
Customer accounts	15	201 507 880	177 147 425
Derivative financial liabilities	12	934	9 810
Other borrowed funds	14	25 017 137	27 301 358
Current tax liabilities		-	143
Other financial liabilities	10	1 905 566	600 816
Other non-financial liabilities	11	428 131	333 973
Allowance for loan commitments and financial guarantee contracts		289 920	520 007
Other provisions		666	2 307
Subordinated debt		3 760 528	4 055 444
Liabilities		236 249 317	232 129 921
Equity	16		
Issued capital		45 570 041	45 570 041
Other reserves		(105 995)	(1 461 266)
Result from transactions with the shareholder		635 104	635 104
Retained earnings		(39 102 507)	(42 708 885)
Total equity		6 996 643	2 034 994
Total equity and liabilities		243 245 960	234 164 915

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December 05, 2023

Chairman of the Management Board**Sergii IERMAKOV****Chief Accountant****Nataliia POTESKA**

V.M. Medko 247-89-16

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for nine months ended 30 September 2023

(thousands of Ukrainian hryvnia)

		2023		2022	
		for three months ended September 30	for nine months ended September 30 (unaudited)	for three months ended September 30	for nine months ended September 30
Interest income calculated using effective interest method		5 488 311	15 066 453	3 551 369	9 383 197
Other interest income		318 651	989 699	342 097	1 018 848
Interest expense		(4 541 624)	(13 270 530)	(3 311 622)	(7 167 432)
Fee income		344 227	947 853	291 363	827 914
Fee expense		(138 834)	(365 844)	(59 684)	(194 535)
Other income		17 304	121 314	70 589	119 124
Net increase/(decrease) from operations with financial instruments at fair value through profit or loss	9,12	(472 699)	(667 616)	4 208 335	5 996 518
Net increase/(decrease) from financial assets held for trading		278 286	577 631	777	777
Net increase/(decrease) from operations with debt financial instruments at fair value through other comprehensive income		584	4 094	47 588	63 582
Net increase/(decrease) from trading in foreign currencies		329 564	799 938	372 151	825 400
Net increase/(decrease) from foreign exchange translation		15 954	(177 679)	(4 559)	(5 791 246)
Gains/(losses) on initial recognition of financial assets at interest rates above or below market		(105 849)	(391 892)	4 616	4 046
Impairment gain and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9	6	801 876	1 938 147	(5 382 455)	(10 655 155)
Employee benefits expense	18	(496 483)	(1 363 920)	(404 486)	(1 396 989)
Depreciation and amortisation expense		(25 872)	(70 029)	(25 722)	(82 076)
Other administrative and operating expenses	18	(208 889)	(615 184)	(240 246)	(577 984)
Impairment gain and reversal of impairment loss (impairment loss) for non-financial assets	11	13 113	18 619	(29 331)	(44 795)
Gain (loss) arising from derecognition of financial assets at amortised cost		146	45 467	(247 114)	(227 424)
Profit / (loss) before tax		1 617 766	3 586 521	(5 371 330)	(7 898 230)
Income tax expense		—	—	—	48
Profit/ (loss) for the period		1 617 766	3 586 521	(5 371 330)	(7 898 182)

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for nine months ended 30 September 2023

(thousands of Ukrainian hryvnia)

	2023		2022	
	for three months ended September 30	for nine months ended September 30	for three months ended September 30	for nine months ended September 30
	(unaudited)			
Profit/ (loss) for the period	1 617 766	3 586 521	(5 371 330)	(7 898 182)
Other comprehensive income (loss)				
<i>Components of other comprehensive income that will be reclassified to profit or loss before tax</i>				
Gains (losses) on financial assets measured at fair value through other comprehensive income, before tax (Note 16)	422 773	1 375 128	(1 688 394)	(1 577 284)
<i>Income tax relating to components of other comprehensive income that will be reclassified to profit or loss</i>				
Income tax relating to changes in revaluation of financial assets measured at fair value through other comprehensive income	—	—	—	—
Total other comprehensive income	422 773	1 375 128	(1 688 394)	(1 577 284)
Total comprehensive income	2 040 539	4 961 649	(7 059 724)	(9 475 466)

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for nine months ended 30 September 2023

(thousands of Ukrainian hryvnia)

				<i>Other reserves</i>			
				<i>Reserve of gains and losses on financial assets measured at fair value through other comprehensive income</i>	<i>Reserve of gains and losses from investments in equity instruments</i>	<i>Retained earnings</i>	<i>Equity</i>
	<i>Issued capital</i>	<i>Result from transactions with the shareholder</i>	<i>Revaluation surplus</i>				
As at 1 January 2023	45 570 041	635 104	1 052 303	(2 449 725)	(63 844)	(42 708 885)	2 034 994
Profit for the period	–	–	–	–	–	3 586 521	3 586 521
Other comprehensive income for the period (Note 16)	–	–	–	1 376 965	(1 837)	–	1 375 128
Total comprehensive income for the period	–	–	–	1 376 965	(1 837)	3 586 521	4 961 649
Increase (decrease) through other changes, equity (Note 16)	–	–	(19 857)	–	–	19 857	–
As at 30 September 2023 (unaudited)	45 570 041	635 104	1 032 446	(1 072 760)	(65 681)	(39 102 507)	6 996 643
As at 1 January 2022	45 570 041	635 104	926 276	(962 130)	(62 775)	(33 653 771)	12 452 745
Loss for the period	–	–	–	–	–	(7 898 182)	(7 898 182)
Other comprehensive income for the period (Note 16)	–	–	–	(1 576 204)	(1 080)	–	(1 577 284)
Total comprehensive income for the period	–	–	–	(1 576 204)	(1 080)	(7 898 182)	(9 475 466)
Increase (decrease) through other changes, equity (Note 16)	–	–	(18 652)	–	–	18 652	–
As at 30 September 2022 (unaudited)	45 570 041	635 104	907 624	(2 538 334)	(63 855)	(41 533 301)	2 977 279

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Chief Accountant

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(direct method) for nine months ended 30 September 2023

(thousands of Ukrainian hryvnia)

	<i>Notes</i>	<i>For the period ended September 30</i>	
		<i>2023</i>	<i>2022</i>
		<i>(unaudited)</i>	
Cash flows from (used in) operating activities			
Interest received		15 938 503	9 025 081
Fee income received		1 013 553	712 729
Net (increase) / decrease from operations with financial instruments at fair value through profit or loss		946 002	371 568
Net (increase) / decrease from trading in foreign currencies		799 938	825 400
Other cash receipts from operating activities		133 987	111 655
Interest paid		(12 387 935)	(6 638 062)
Fee expenses paid		(364 446)	(194 535)
Payments to and on behalf of employees		(1 283 970)	(1 537 773)
Administrative expenses and other paid operating expenses		(605 333)	(515 141)
Net (increase)/decrease in securities held for trading		(2 108 406)	(423 642)
Net (increase)/decrease in loans and advances to banks		85 359	8 146 080
Net (increase)/decrease in loans and advances to customers		10 414 903	(15 723 648)
Net (increase)/decrease in other financial assets		(65 767)	17 878
Net (increase)/ decrease in other assets		2 472	(33 657)
Net increase/(decrease) in due to other banks		(18 573 734)	(2 077 254)
Net increase/(decrease) in customer accounts		23 693 952	10 466 428
Net increase/(decrease) in other financial liabilities		1 326 589	1 116 592
Net increase/(decrease) in other liabilities		(4 150)	(37 524)
Income taxes (paid) refund		(143)	(245 681)
Net cash flows from (used in) operating activities		18 961 374	3 366 494
Cash flows from (used in) investing activities			
Purchase of securities		(17 679 363)	(25 271 206)
Proceeds from sale of investments in securities		16 018 215	32 319 414
Cash flows from loss of control over subsidiaries or other business units		3 136	—
Proceeds from sale of property, plant and equipment		6 879	—
Purchase of property, plant and equipment		(152 636)	(114 340)
Purchase of intangible assets		(7 643)	(14 801)
Proceeds from sale of investment property		89 959	241 577
Dividends received		958	795
Other inflows (outflows) of cash		55 977	(216 220)
Net cash flows from (used in) investing activities		(1 664 518)	6 945 219
Cash flows from (used in) financing activities			
Receipt of other borrowed funds	5	1 847 835	208 497
Return of subordinated debt	5	(380 923)	(674 119)
Return of other borrowed funds	5	(4 526 874)	(8 672 376)
Payments of lease liabilities	5	(1 602)	(2 073)
Dividends paid		—	(1 364 209)
Net cash flows from (used in) financing activities		(3 061 564)	(10 504 280)
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes		14 235 292	(192 567)
Effect of exchange rate changes on cash and cash equivalents		(102 264)	17 830 513
Impact of expected credit losses on cash and cash equivalents		13 148	(18 491)
Increase (decrease) in cash and cash equivalents		14 146 176	17 619 455
Cash and cash equivalents at the beginning of the period	4	81 386 122	42 882 371
Cash and cash equivalents at the end of the period	4	95 532 298	60 501 826

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1. Principal activities

“The State Export-Import Bank of Ukraine” Joint Stock Company (hereinafter – “Ukreximbank” JSC, Ukreximbank, or the Bank) was founded in 1992 and entered into the State Register of Banks on January 23, 1992 under No. 5. The Bank operates under Banking licence No. 2.

As at 30 September 2023 and 31 December 2022, 100% of Ukreximbank’s shares were owned by the state represented by the Cabinet of Ministers of Ukraine.

Ukreximbank’s head office is located in Kyiv at 127, Antonovycha Str. It has 22 branches and 28 sub-branches (31 December 2022: 22 branches and 29 sub-branches) and two representative offices located in London and New-York. Ukreximbank and its branches form a single legal entity.

Traditionally, the main focus of Ukreximbank’s operations was the servicing of various export-import transactions. Currently, Ukreximbank’s customer base is diversified and includes a number of large industrial and state-owned enterprises. Ukreximbank accepts deposits from entities and individuals, issues loans, transfers payments in Ukraine and internationally, exchanges currencies, makes investments, provides settlement and cash service to customers, and renders other banking services.

One of Ukreximbank’s main activities is to facilitate, on behalf of the Ukrainian Government, the administration of loan agreements entered into by the Ukrainian Government with other foreign governments. Ukreximbank acts as an agent, on behalf of the Ukrainian Government, with respect to loans from foreign financial institutions based on the aforementioned agreements.

The Bank’s aim (in accordance with the Charter) is to create favourable conditions for the economic development and support of the domestic producers, to service export and import operations, to provide credit and financial support of restructuring processes, to strengthen and implement the industrial and trade potential of the industries and manufacturers that are export-oriented or carry out the activities related to the production of import-substituting products, and also to receive gains in favour of the Bank and its shareholder.

Ukreximbank prepares interim condensed financial statements and interim condensed consolidated financial statements that comprise the consolidated performance indicators of the Bank and its subsidiary “Lease Company “Ukreximleasing” (hereinafter together – the Bank).

Subsidiary “Lease Company “Ukreximleasing”, Ukreximbank’s 100% owned subsidiary, was founded in 1997 and is registered and operates in Ukraine. By the relevant resolutions of the Management Board of "Ukreximbank" JSC and the Supervisory Board of "Ukreximbank" JSC, the action plan (roadmap) for the termination of the Subsidiary “Lease Company “Ukreximleasing” was approved.

In June 2023, the Bank sold its subsidiary “Eximleasing” LLC, whose performance indicators up to the specified date are included in the Bank's consolidated financial statements.

2. Basis of preparation and summary of significant accounting policies

Basis of preparation of financial statements

These interim condensed consolidated financial statements for the nine months ended 30 September 2023, have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting*.

These interim condensed consolidated financial statements do not include all information and data subject to disclosure in the annual financial statements and should be read in conjunction with the Bank’s annual consolidated financial statements as at 31 December 2022, which have been prepared in accordance with IFRS and posted on the Bank’s website at <https://www.eximb.com/ua/bank/financial-information/financial-report/2022-rik.html>.

These interim condensed consolidated financial statements are presented in thousands of Ukrainian hryvnia (“UAH thousand”), unless otherwise indicated.

Going concern

These interim condensed consolidated financial statements for the nine months ended 30 September 2023 have been prepared on a going concern basis. In preparing the financial statements for the nine months of 2023, the Bank's management assessed the Bank's ability to continue its activities in the future, taking into account the ongoing hostilities in Ukraine that have already caused significant negative consequences for the economy of the country as a whole and for the customers of the Bank. The Bank's management believes that over the next 12 months the Bank will meet its obligations on time and in full. Besides, the Bank plans additional lending to strategic corporate customers. The source of repayment of liabilities and increase in lending will be accumulated liquidity, redemption of Ukrainian state bonds and government-guaranteed corporate bonds, as well as, if necessary, attracting resources of international financial institutions and the NBU's refinancing loans.

The Bank's estimates and forecasts for the next twelve months are based on the following assumptions:

- forecast of macroeconomic indicators for 2023 based on the key indicators of economic and social development of Ukraine set out in the State Budget for 2023, NBU inflation reports, and international information and analytical systems for Ukraine;
- the customer base of individuals is estimated based on the analysis of customer activity statistics for 2022;
- maintaining competitive rates for attracting resources in the domestic market;
- increase in administrative expenses is mainly due to IT and non-performing loans (NPL) expenses. At the same time, expenses remain under special control of the management;
- financial support to priority sectors of the economy and critical infrastructure enterprises;
- uninterrupted effective work of the Bank's executives to ensure the adoption of necessary management decisions;
- maintenance of the financial stability of the Bank, identification of possible threats to such stability, as well as prompt response to threats to financial stability and/or their avoidance;
- regulatory requirements take into account all officially approved NBU plans on introduction of new requirements during the forecast period. At the same time, the Bank considers the possibility of postponing the implementation of certain NBU requirements to the end of the forecast period, taking into account the actual situation and capabilities of the banking system at that time.

During the nine months of 2023, the Bank violated the NBU requirements for capital ratios H2, H3 and H7 due to the formation of provisions for losses related to the military aggression of the Russian Federation against Ukraine. However, in accordance with the Resolution of the National Bank of Ukraine No. 23 dated February 25, 2022 (as amended), the Bank is not subject to any penalties for violation of capital, liquidity, credit risk and investment ratios during the martial law period. The Bank plans to resolve the issue of compliance with the ratios after the end of martial law by implementing the measures that were previously defined in the Recovery Plan.

Based on forecast liquidity and profitability, expected credit losses, the Bank's management believes that there are sufficient grounds for further compliance with the NBU ratios and preparing these financial statements on a going concern basis.

However, there is a material uncertainty, related to the unpredictable impact of ongoing hostilities on the territory of Ukraine on the assumptions underlying management's assessments that may cast significant doubt on the Bank's ability to continue as a going concern, and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Operating environment

In the third quarter of 2023, Ukraine's economy continues to show resilience despite the full-scale war and its new challenges, and this year, real GDP growth improved from 2.9% to 4.9%. Further economic growth will accelerate (to 3.6% in 2024 and 6% in 2025), taking into account the assumptions of the NBU forecast regarding the preservation of security risks. An important role in stimulating the economy will continue to be played by the development of alternative supply routes and preservation of loose fiscal policy, that will support consumer demand in the market.

During the third quarter of 2023, consumer inflation rapidly decreased to 8.4% in annual terms. The more significant decline in inflation was primarily due to the greater supply of food products of the new harvest and the improvement of exchange rate and inflation expectations against the background of the stability of the FX market. At the end of 2023, inflation is forecast to slow to 5.8%, and in 2024 it will temporarily accelerate to 9.8% due to further pressure from business costs, growing consumer demand and higher rates of adjustment of administratively regulated prices. Reducing security risks, easing global inflationary pressure and consistent monetary policy measures in 2025 will help to slow inflation to about 6%.

The favourable trends in inflation reduction and exchange rate stability created the preconditions for starting the NBU discount rate cut cycle in July by 3 p.p. to 22% and in September by 2 p.p. to 20%. At the same time, the rate on three-month deposit certificates is equal to the discount rate, the rate on overnight deposit certificates was cut to 16%, and for refinancing loans - to 22%.

In the third quarter, the net FX outflow increased and remains significant due to significant import needs for ensuring defense capability and reconstruction of the country. Export proceeds decreased due to the termination of the "grain corridor", while import volumes remained significant, both due to the needs of the domestic market and the expenses of migrants abroad. However, the cash inflow from external partners ensured a high level of foreign-exchange reserves as of the end of the third quarter (almost USD 40 billion).

Ukraine's banking sector for the three quarters of 2023 received a net profit of UAH 109.9 billion, compared to UAH 7.4 billion for the same period last year. The main drivers of the banking sector's profitability remain the growth of interest income, primarily from highly liquid assets.

Net operating profit before provisions for 9 months of 2023 increased in annual terms by 23.9% – to UAH 139 billion. The rate of allocations to provisions for losses from asset-side transactions decreased by 94.2% compared to 9 months of last year. Since the beginning of the year, the share of non-performing loans decreased by 0.2 p.p. – to 37.9%. Recognition of credit losses by banks slowed down this year compared to last year. Volumes of allocations to provisions for loans since the beginning of the full-scale war amounted to UAH 104 billion, or almost 13% of the performing loan portfolio that banks had at the end of February 2022.

As of October 01, 2023, the banking return on equity was 56.9%, compared to minus 4.3% a year ago. The income tax accrued for the half-year exceeded the corresponding annual figure for the historically most profitable year of 2021.

This review of the macroeconomic environment is based on preliminary published limited information and does not fully reflect the impact of the Russian Federation's attack on the Ukrainian economy.

Changes in the structure of the group

In November 2022, the Management Board of “Ukreximbank” JSC decided to sell “Eximleasing” LLC at a price not lower than the market value defined in the appraiser’s report on the property evaluation. In November 2022, the Supervisory Board of “Ukreximbank” JSC approved the resolution of the Management Board on such sale. The sale procedure was carried out through a price increase auction on the SETAM platform (setam.net.ua) and in December 2022, the bidding was held to determine the winner (buyer). Due to the need for the buyer to obtain the approval of the Antimonopoly Committee of Ukraine for the purchase of corporate rights, the actual signing of the sale and purchase agreements and the transfer acceptance certificate took place in June 2023.

As a result of the sale of “Eximleasing” LLC, the Bank recognised a gain of UAH 2,671 thousand, which is included in “Other income” in the interim condensed consolidated statement of profit or loss.

Changes in the accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Bank’s annual financial statements for the year ended 31 December 2022, except for the adoption of the new standards described below effective as at 1 January 2023. The nature and the effect of these changes are provided below.

IFRS 17 “Insurance contracts”

In May 2017, the IFRS Board issued IFRS 17 “Insurance Contracts”, a new financial reporting standard for insurance contracts that addresses recognition and measurement, submission and disclosure of information. IFRS 17 replaces IFRS 4 “Insurance Contracts” issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e. life and non-life insurance, direct insurance and reinsurance), regardless of the type of the issuing entity, as well as to certain precautions and financial instruments with discretionary participation features. There are several exceptions to the scope of the standard. IFRS 17 introduces new accounting requirements for banking products with characteristics of insurance contracts.

Credit cards and similar products that provide insurance coverage: most issuers of such products can continue to apply their existing accounting procedure and account for them as financial instruments under IFRS 9. IFRS 17 excludes from its scope credit card contracts (or similar contracts that secure credit or payment service agreements) that meet the definition of an insurance contract if, and only if, an entity does not reflect an estimate of the insurance risk associated with an individual customer when pricing the contract with that customer.

When insurance coverage is provided as part of the contractual terms of a credit card, the issuer shall:

- separate the insurance component and apply IFRS 17 to it;
- apply other standards (such as IFRS 9, IFRS 15 or IAS 37) to the other components.

Loan agreements that meet the definition of an insurance contract but limit the amount of insurance payments to the amount that would otherwise be required to settle the policy holder's obligation created by the contract: issuers of such loans (e.g. loans that provide for exemption from repayment on the death of the borrower) may choose to apply IFRS 9 or IFRS 17. This is a portfolio-level decision and is not subject to review.

The adoption of IFRS 17 does not have a material impact on the Bank's consolidated financial statements.

Amendments to IAS 8 - "Accounting Estimates"

In February 2021, the IFRS Board issued amendments to IAS 8 that introduce a definition of “accounting estimates”. The amendments clarify the difference between changes in accounting estimates and changes in accounting policies and corrections of errors. In addition, the document explains how entities use measurement techniques and inputs to develop accounting estimates.

The amendments do not have any material impact on the Bank's consolidated financial statements.

Amendments to IAS 1 and Practical Recommendations 2 on the application of IFRS – Accounting Policies Disclosures.

In February 2021, the IFRS Board issued amendments to IAS 1 and Practical Recommendations 2 on the application of IFRS - Making Materiality Judgements, which provide guidance and examples to help entities apply materiality judgements in accounting policy disclosures. The amendments are intended to help entities provide more useful disclosures about accounting policies by replacing the requirement for entities to disclose “material provisions” of accounting policies with a requirement to disclose “material information” on accounting policies and by adding guidance on how entities should apply the concept of materiality when making accounting policy disclosure decisions.

These amendments do not have any material impact on the Bank's consolidated financial statements.

Amendments to IAS 12 “Income Taxes” - Deferred Taxes on Assets and Liabilities Arising from a Single Transaction - do not have any material impact on the Bank's consolidated financial statements.

3. Segment information

For management purposes, the Bank recognizes the following operating segments (business lines):

Corporate banking	Business segment that focuses on servicing corporate customers and selling the products that require an individual approach and are mainly offered to corporate clients.
Medium-sized business, municipalities and utilities sector	Business segment aimed at servicing customers of municipalities and utilities sector, small and medium-sized business (including individual entrepreneurs) and the sale of products provided mainly in a standardised form (according to approved tariffs and standard procedures).
Retail banking	Business segment that focuses on servicing individuals (except individual entrepreneurs) on the full list of products, and selling products that are provided to individuals (population) mainly in a standardised form (as per the tariffs approved and the standard procedures) and generally do not require any individual approach to be applied.
Interbank and investment business	Business segment that focuses on providing services to participants in the financial markets (money, currency, stock, etc.) and on selling the products related to transactions in the financial markets.

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Business lines performance, as explained in the table below, is measured taking into account income and expenses from other business lines resulting from the application of transfer rates.

For the purposes of segment reporting, income and expenses are allocated by the respective segments, including income and expenses from other segments are determined using uniform transfer rates set by the Assets and Liabilities Committee based on the cost of borrowings for the Bank, set off by difference for unallocated amounts. The difference between intersegmental expenses and income of all business lines obtained using transfer rates arises as a result of GAP between the volumes of assets

and liabilities by maturity and rates, revaluation of the resource, bid/offer margin consisting of interest rate risk premium, liquidity risk premium, mandatory reserve requirement, etc.

Unallocated amounts include:

- income tax receivables and payables, the share of allocated assets and costs associated with the work of the Bank's top management, i.e. personnel performing general management functions at the level of the whole Bank's system and personnel supporting directly the work of the top management;
- the result of revaluation of an open currency position of the Bank (except for the portion of the open currency position allocated by the Bank for carrying out transactions on purchase/sale/conversion of cash foreign currency and precious metals and conversion of non-cash foreign currency);
- the difference between inter-segment revenues and costs of all business lines, obtained as a result of transfer rates application, to eliminate the impact on revenues and costs.

During the nine months ended 30 September 2023, the Bank had revenues from transactions with an entity controlled by the state (directly or indirectly) or significantly influenced by the state, which amounted to more than 10% of the Bank's total revenues, namely UAH 4,173,003 thousand (30 September 2022: UAH 2,720,760 thousand). Revenues from transactions with this external customer are reported in “Interbank and investment business” segment.

The following table presents income and expenses, profit and loss, assets and liabilities of the Bank's operating segments for the nine months ended 30 September 2023:

30 September 2023 (unaudited)	Corporate banking	Medium-sized business, municipalities and utilities sector	Retail banking	Interbank and investment business	Unallocated amounts	Total
External customers						
Interest income calculated using the effective interest method	6 659 559	663 649	27 637	7 713 444	2 164	15 066 453
Other interest income	144 914	17 450	—	827 335	—	989 699
Fee income	432 815	173 129	242 420	94 970	4 519	947 853
Other income	22 452	13 755	11 524	4 378	69 205	121 314
Net income from operations in financial instruments at fair value through profit or loss	—	—	—	—	91	91
Net income from operations in financial instruments held for trading	—	—	—	577 631	—	577 631
Net income from operations with debt financial instruments at fair value through other comprehensive income	—	—	—	4 094	—	4 094
Net profit from trading in foreign currencies	378 041	83 433	52 451	285 996	17	799 938
Net profit from foreign currency revaluation	17 739	—	—	—	—	17 739
Income on initial recognition of financial assets at interest rates above or below market	—	129	—	—	—	129
Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	1 772 044	279 434	20 678	—	31 465	2 103 621
Impairment gain and reversal of impairment loss for non-financial assets	11	10	61	—	18 537	18 619
Gain arising from derecognition of financial assets measured at amortised cost	39 522	5 927	18	—	—	45 467
Income from other segments	12 497 459	3 024 795	2 142 299	3 433 840	(21 098 393)	—
Total income	21 964 556	4 261 711	2 497 088	12 941 688	(20 972 395)	20 692 648
Interest expense	(7 385 160)	(1 911 800)	(1 041 037)	(2 932 312)	(221)	(13 270 530)
Fee expense	(118 000)	(23 600)	(194 390)	(10 104)	(19 750)	(365 844)
Net loss from operations in financial instruments at fair value through profit or loss	—	—	—	(667 707)	—	(667 707)
Net loss from foreign currency revaluation	—	(1 509)	—	(193 570)	(339)	(195 418)
Losses on initial recognition of financial assets at interest rates above or below market	(70)	—	—	(391 951)	—	(392 021)
Impairment loss determined in accordance with IFRS 9	—	—	—	(165 474)	—	(165 474)
Employee benefits expenses	(425 577)	(334 391)	(270 978)	(122 813)	(210 161)	(1 363 920)
Amortisation	(16 509)	(19 260)	(17 539)	(2 756)	(13 965)	(70 029)
Other administrative and operating expenses	(122 486)	(108 693)	(307 899)	(28 243)	(47 863)	(615 184)
Expenses from other segments	(9 508 785)	(606 245)	(99 532)	(12 589 121)	22 803 683	—
Segment results	4 387 969	1 256 213	565 713	(4 162 363)	1 538 989	3 586 521
Profit for the period						3 586 521

30 September 2023 (unaudited)	Corporate banking	Medium-sized business, municipalities and utilities sector	Retail banking	Interbank and investment business	Unallocated amounts	Total
Assets and liabilities as at 30 September 2023 (unaudited)						
Segment assets	70 277 272	5 714 945	2 087 483	163 228 392		241 308 092
Unallocated assets					1 937 868	1 937 868
Total assets						243 245 960
Segment liabilities	133 074 923	33 149 290	35 628 717	32 660 185		234 513 115
Unallocated liabilities					1 736 202	1 736 202
Total liabilities						236 249 317

The following table presents income and expenses, profit and loss for nine months ended 30 September 2022, and certain assets and liabilities of the Bank's operating segments as at 31 December 2022:

30 September 2022 (unaudited)	Corporate banking	Medium-Sized banking, municipalities and utilities sector	Retail banking	Interbank and investments business	Unallocated amounts	Total
External customers						
Interest income calculated using the effective interest method	5 349 378	573 111	18 257	3 442 451	—	9 383 197
Other interest income	147 675	23 328	—	847 845	—	1 018 848
Fee income	423 212	150 602	204 437	48 519	1 144	827 914
Other income	17 002	7 570	12 188	33 590	48 774	119 124
Net income from operations with financial instruments at fair value through profit or loss	—	—	—	5 996 518	—	5 996 518
Net income from operations in financial instruments held for trading	—	—	—	777	—	777
Net income from operations with debt financial instruments measured at fair value through other comprehensive income	1 050	95	998	61 439	—	63 582
Net income from foreign currency transactions	94 042	51 476	83 417	627 128	—	856 063
Net income from foreign currency revaluation	238 312	2 535	—	8 531	—	249 378
Income on initial recognition of financial assets at interest rates above or below market	—	—	—	4 046	—	4 046
Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	—	—	5 466	—	—	5 466
Gain arising from derecognition of financial assets measured at amortised cost	—	—	—	19 716	—	19 716
Income from other segments	5 535 168	1 345 785	1 202 802	4 397 699	(12 481 454)	—
Total income	11 805 839	2 154 502	1 527 565	15 488 259	(12 431 536)	18 544 629
Interest expense	(2 059 188)	(598 852)	(453 451)	(4 055 568)	(373)	(7 167 432)
Fee expense	(29 359)	(16 357)	(114 868)	(18 205)	(15 746)	(194 535)
Net loss from trading in foreign currencies	—	—	—	—	(30 663)	(30 663)
Net loss from revaluation of foreign currency	—	—	—	—	(6 040 624)	(6 040 624)
Impairment loss determined in accordance with IFRS 9	(9 429 902)	(555 845)	—	(644 611)	(30 263)	(10 660 621)
Employee benefits expense	(364 577)	(321 173)	(244 106)	(86 094)	(381 039)	(1 396 989)
Amortisation	(19 346)	(22 577)	(20 682)	(3 232)	(16 239)	(82 076)
Other administrative and operating expenses	(64 152)	(97 727)	(248 445)	(23 113)	(144 547)	(577 984)
Impairment loss for non-financial assets	(7 113)	(15 332)	(5 530)	(150)	(16 670)	(44 795)
Impairment loss arising from derecognition of financial assets measured at amortised cost	(247 140)	—	—	—	—	(247 140)
Expenses from other segments	(6 283 507)	(489 366)	(72 237)	(3 826 447)	10 671 557	—
Segment results	(6 698 445)	37 273	368 246	6 830 839	(8 436 143)	(7 898 230)
Income tax expense						48
Loss for the period						(7 898 182)
Assets and liabilities as at 31 December 2022						
Segment assets	79 561 046	5 546 653	2 528 807	144 574 120		232 210 626
Unallocated assets					1 954 289	1 954 289
Total assets						234 164 915
Segment liabilities	119 214 898	25 148 378	33 314 082	53 943 468		231 620 826
Unallocated liabilities					509 095	509 095

<i>30 September 2022 (unaudited)</i>	<i>Corporate banking</i>	<i>Medium-Sized banking, municipalities and utilities sector</i>	<i>Retail banking</i>	<i>Interbank and investments business</i>	<i>Unallocated amounts</i>	<i>Total</i>
Total liabilities						<u><u>232 129 921</u></u>

Geographical information

Most revenues relate to Ukraine. The Bank has no significant revenue from other countries. The Bank has no non-current assets held outside Ukraine.

4. Cash and cash equivalents

Cash and cash equivalents comprise:

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Cash		
Cash on hand	1 213 090	1 822 228
Current account with the National Bank of Ukraine	10 127 053	7 492 711
Correspondent accounts with banks	39 989 857	50 500 425
Overnight deposits and loans with banks	2 981 879	4 075 114
	<u>54 311 879</u>	<u>63 890 478</u>
Cash equivalents		
Deposit certificates issued by the National Bank of Ukraine	31 955 419	12 015 123
Short term deposits classified as cash equivalents	9 307 789	5 537 234
	<u>41 263 208</u>	<u>17 552 357</u>
Less: allowance for expected credit losses	(42 789)	(56 713)
Cash and cash equivalents	<u>95 532 298</u>	<u>81 386 122</u>

5. Changes in liabilities in financial activities

Changes in liabilities in financial activities were as follows:

	<i>Other borrowed funds</i>	<i>Subordinated debt</i>	<i>Lease commitments</i>	<i>Total</i>
Carrying amount at 1 January 2023	27 270 584	4 055 444	7 179	31 333 207
Proceeds	1 847 835	—	—	1 847 835
Repayments	(4 526 874)	(380 923)	(1 602)	(4 909 399)
Translation differences	(28 984)	334	—	(28 650)
Other	164 040	85 673	(899)	248 814
Carrying amount at 30 September 2023 (unaudited)	<u>24 726 601</u>	<u>3 760 528</u>	<u>4 678</u>	<u>28 491 807</u>
	<i>Other borrowed funds</i>	<i>Subordinated debt</i>	<i>Lease commitments</i>	<i>Total</i>
Carrying amount at 1 January 2022	28 820 004	3 605 597	6 099	32 431 700
Proceeds	208 497	—	—	208 497
Repayments	(8 672 376)	(674 119)	(2 073)	(9 348 568)
Translation differences	6 759 224	1 132 750	—	7 891 974
Other	759 415	76 012	3 866	839 293
Carrying amount at 30 September 2022 (unaudited)	<u>27 874 764</u>	<u>4 140 240</u>	<u>7 892</u>	<u>32 022 896</u>

“Other” includes the effect of accrued but unpaid interest on borrowings from credit institutions, issued Eurobonds and subordinated debt. The Bank classifies the paid interest as cash flows from operating activities.

As at 30 September 2023 and 31 December 2022 there were no “Due to other banks” of the consolidated statement of financial position which would meet the classification “Other borrowings” for financing activities of the consolidated statement of cash flows.

As at 30 September 2023, "Other borrowings" does not include funds in the amount of UAH 290,536 thousand attracted from Ukrainian financial institutions, which were included in the category of funds for operating activities of the consolidated statement of cash flows (31 December 2022: UAH: 30,774 thousand).

6. Impairment loss determined in accordance with IFRS 9

The following table presents impairment loss and reversal of impairment loss recognized in profit and loss.

	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Stage 2 individual</i>	<i>Stage 3 collective</i>	<i>Stage 3 individual</i>	<i>POCI</i>	<i>Total</i>
For three months ended 30 September 2023 (unaudited)							
Cash and cash equivalents	(6 869)	—	—	—	—	—	(6 869)
Loans and advances to banks	(2 264)	—	—	—	(4 357)	—	(6 621)
Loans and advances to customers	(885 638)	9 471	(10 499)	(188 432)	1 015 511	(166 546)	(226 133)
Recovery of previously written-off loans and advances to customers	—	—	—	(104 020)	(337 719)	—	(441 739)
Investment securities at fair value through other comprehensive income	26 052	(29 820)	—	—	—	—	(3 768)
Investment securities at amortised cost	(1 597)	(6 879)	—	—	—	—	(8 476)
Other financial assets	(13 581)	—	—	—	—	—	(13 581)
Financial guarantees	(512)	—	—	—	—	—	(512)
Undrawn loan commitments	(82 405)	8	(910)	(41 231)	—	—	(124 538)
Letters of credit	30 367	—	—	—	—	—	30 367
Avals on promissory notes	(6)	—	—	—	—	—	(6)
Impairment gain and reversals of impairment loss) impairment loss determined in accordance with IFRS 9	(936 453)	(27 220)	(11 409)	(333 683)	673 435	(166 546)	(801 876)
For nine months ended 30 September 2023 (unaudited)							
Cash and cash equivalents	(13 148)	—	—	—	—	—	(13 148)
Loans and advances to banks	(29)	—	—	—	(4 362)	—	(4 391)
Recovery of previously written-off loans and advances to banks	—	—	—	—	(70 520)	—	(70 520)
Loans and advances to customers	(821 892)	(498 484)	116 424	(144 840)	403 820	(309 421)	(1 254 393)
Recovery of previously written-off loans and advances to customers	—	—	—	(138 456)	(458 589)	—	(597 045)
Investment securities at fair value through other comprehensive income	157 162	(36 037)	—	—	—	—	121 125
Investment securities at amortised cost	142 217	(6 945)	—	—	—	—	135 272
Other financial assets	(24 376)	—	—	—	—	—	(24 376)
Financial guarantees	(392)	(8)	—	—	—	—	(400)
Undrawn loan commitments	(168 795)	(1 135)	(61 250)	(123 640)	(1 434)	—	(356 254)
Letters of credit	125 981	—	—	—	—	—	125 981
Avals on promissory notes	2	—	—	—	—	—	2
(Impairment gain and reversals of impairment loss) impairment loss determined in accordance with IFRS 9	(603 270)	(542 609)	55 174	(406 936)	(131 085)	(309 421)	(1 938 147)

	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Stage 2 individual</i>	<i>Stage 3 collective</i>	<i>Stage 3 individual</i>	<i>POCI</i>	<i>Total</i>
For three months ended 30 September 2022 (unaudited)							
Cash and cash equivalents	16 761	—	—	—	—	—	16 761
Loans and advances to banks	(1 049)	—	—	—	4 026	—	2 977
Loans and advances to customers	100 523	48 841	1 301 928	570 004	2 248 044	1 180 562	5 449 902
Recovery of previously written-off loans and advances	—	—	—	(29 631)	(196 908)	—	(226 539)
Investment securities at fair value through other comprehensive income	9 618	—	—	—	—	—	9 618
Investment securities at amortised cost	193 269	—	—	—	—	—	193 269
Other financial assets	11 897	—	—	—	—	—	11 897
Financial guarantees	(67)	—	—	—	—	—	(67)
Undrawn loan commitments	5 499	(6 159)	(62 031)	3 033	—	—	(59 658)
Letters of credit	(15 706)	—	—	—	—	—	(15 706)
Avals on promissory notes	2	(1)	—	—	—	—	1
(Impairment gain and reversals of impairment loss) impairment loss determined in accordance with IFRS 9	320 747	42 681	1 239 897	543 406	2 055 162	1 180 562	5 382 455
For nine months ended 30 September 2022 (unaudited)							
Cash and cash equivalents	18 491	—	—	—	—	—	18 491
Loans and advances to banks	(440)	—	160	(6)	4 026	—	3 740
Loans and advances to customers	1 592 831	417 279	1 800 099	1 121 646	2 890 849	2 246 764	10 069 468
Recovery of previously written-off loans and advances	—	—	—	(38 548)	(244 769)	—	(283 317)
Investment securities at fair value through other comprehensive income	248 521	—	—	—	—	—	248 521
Investment securities at amortised cost	365 656	—	—	—	—	—	365 656
Other financial assets	40 045	—	—	—	—	—	40 045
Financial guarantees	(1 923)	1 720	—	(1 720)	—	—	(1 923)
Undrawn loan commitments	228 303	1 643	(75 377)	17 561	—	—	172 130
Letters of credit	22 258	—	—	—	—	—	22 258
Avals on promissory notes	87	(1)	—	—	—	—	86
(Impairment gain and reversals of impairment loss) impairment loss determined in accordance with IFRS 9	2 513 829	420 641	1 724 882	1 098 933	2 650 106	2 246 764	10 655 155

Impairment loss determined in accordance with IFRS 9 on originated credit-impaired financial assets (“POCI”) recognised in profit or loss in the tables above is presented net of adjustment (reversal of impairment loss) to the gross carrying amount of POCI in the amount of UAH 129,113 thousand (for the period ended 30 September 2022: (reversal of impairment loss) UAH 11,722 thousand).

7. Loans and advances to banks

Loans and advances to banks:

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Deposits in other banks	586 613	593 472
short-term	184 468	209 209
long-term	402 145	384 263

Loans and advances to other banks

586 613

593 472

As at 30 September 2023 loans and advances to banks include funds in the amount of UAH 99,070 thousand placed with banks of Ukraine (31 December 2022: UAH 103,861 thousand), OECD banks – UAH 318,414 thousand (31 December 2022: UAH 347,324 thousand), banks of other countries – UAH 242,976 thousand (31 December 2022: UAH 220,518 thousand).

As at 30 September 2023 loans and advances to banks are accounted for at amortised cost, except for current accounts in precious metals in the amount of UAH 97,797 thousand (31 December 2022: UAH 94,668 thousand), at fair value through profit or loss.

The following tables show the analysis of changes in the corresponding allowances for loans and advances to banks:

	<i>Stage 1 collective</i>	<i>Stage 3 collective</i>	<i>Stage 3 individual</i>	<i>Total</i>
Allowance at 1 January 2023	1 790	71 967	4 474	78 231
New assets originated or purchased	4 851	–	–	4 851
Assets completed/(repaid)	(3 415)	–	–	(3 415)
Modifications in allowances	799	–	(5)	794
Translation difference	7	–	–	7
Allowance at 30 June 2023 (unaudited)	4 032	71 967	4 469	80 468
New assets originated or purchased	1 596	–	–	1 596
Assets completed/(repaid)	(3 513)	–	–	(3 513)
Modifications in allowances	(347)	–	(4 357)	(4 704)
Allowance at 30 September 2023 (unaudited)	1 768	71 967	112	73 847

	<i>Stage 1 collective</i>	<i>Stage 2 individual</i>	<i>Stage 3 collective</i>	<i>Stage 3 individual</i>	<i>Total</i>
Allowance at 1 January 2022	8 320	–	74 435	255 815	338 570
New assets originated or purchased	10 920	–	–	–	10 920
Assets completed/(repaid)	(11 244)	–	(6)	–	(11 250)
Transfer to Stage 2	(198)	198	–	–	–
Transfer to Stage 3	(6)	(358)	6	358	–
Allowances write-off	–	–	–	(255 815)	(255 815)
Modifications in allowances	933	160	–	–	1 093
Translation difference	743	–	6	–	749
Allowance at 30 June 2022 (unaudited)	9 468	–	74 441	358	84 267
New assets originated or purchased	700	–	–	–	700
Assets completed/(repaid)	(815)	–	–	–	(815)
Allowances write-off	–	–	(2 541)	–	(2 541)
Modifications in allowances	(934)	–	–	4 026	3 092
Translation difference	2 123	–	67	90	2 280
Allowance at 30 September 2022 (unaudited)	10 542	–	71 967	4 474	86 983

8. Loans and advances to customers

Loans and advances have been extended to the following types of customers:

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Legal entities	53 880 043	63 622 410
State entities	37 344 150	38 349 545
Individuals	1 544 578	1 630 369

	30 September 2023 (unaudited)	31 December 2022
	92 768 771	103 602 324
Less: reserve for expected credit losses	(18 866 744)	(21 172 463)
Loans and advances to customers	73 902 027	82 429 861

As at 30 September 2023 loans to state entities include loans to state administration authorities in the amount of UAH 6,650,571 thousand (as at 31 December 2022: UAH 7,074,760 thousand).

Legal entities

The tables below show an analysis of modifications in allowance:

	Stage 1 collective	Stage 2 collective	Stage 2 individual	Stage 3 collective	Stage 3 individual	POCI	Total
Allowance at 1 January 2023	677 457	1 066 852	322 225	2 132 004	8 013 288	5 821 766	18 033 592
New assets originated or purchased	87 206	—	—	—	—	—	87 206
Assets completed/(repaid)	(12 867)	(6 618)	(4 031)	(1 590)	(146 490)	—	(171 596)
Transfer to Stage 1	8 055	(6 651)	—	(1 404)	—	—	—
Transfer to Stage 2	(91 070)	11 862	79 518	(310)	—	—	—
Transfer to Stage 3	(78 248)	(434 748)	(311 622)	150 886	673 732	—	—
Transfer to POCI	—	—	—	(5 668)	(23 048)	—	(28 716)
Result from derecognition	—	—	—	(6 392)	(30 585)	—	(36 977)
Interest income adjustment	—	—	—	57 377	204 853	130 717	392 947
Allowances write-off	—	—	—	(61 506)	(1 205 850)	(389 467)	(1 656 823)
Modifications in allowances	(115 042)	(497 393)	(43 724)	106 349	(410 888)	(126 624)	(1 087 322)
Modifications in the input data of macromodels	345	(1 142)	—	—	—	—	(797)
Modifications in customer category	74	—	—	—	—	—	74
Demerger of a subsidiary	(966)	—	—	—	—	—	(966)
Translation difference	6 915	18 048	(905)	21 065	77 951	684	123 758
Allowance at 30 June 2023 (unaudited)	481 859	150 210	41 461	2 390 811	7 152 963	5 437 076	15 654 380
New assets originated or purchased	16 131	—	—	—	—	—	16 131
Assets completed/(repaid)	(1 765)	(764)	(19)	(7 798)	—	(4 053)	(14 399)
Transfer to Stage 1	139 371	(927)	—	(1)	(138 443)	—	—
Transfer to Stage 2	(44 975)	3 450	44 503	(2 978)	—	—	—
Transfer to Stage 3	—	(25 287)	—	25 287	—	—	—
Transfer to POCI	—	—	—	(752)	—	—	(752)
Result from derecognition	—	—	—	(422)	—	—	(422)
Interest income adjustment	—	—	—	32 965	107 296	72 957	213 218
Allowances write-off	—	—	—	(3 419)	—	—	(3 419)
Modifications in allowances	(206 570)	9 332	(6 566)	(206 130)	896 011	(62 998)	423 079
Translation difference	(9 917)	(5 613)	—	(33 189)	(107 828)	(718)	(157 265)
Allowance at 30 September 2023 (unaudited)	374 134	130 401	79 379	2 194 374	7 909 999	5 442 264	16 130 551

	Stage 1 collective	Stage 2 collective	Stage 2 individual	Stage 3 collective	Stage 3 individual	POCI	Total
Allowance at 1 January 2022	1 020 730	72 590	138 134	907 715	8 918 077	4 121 967	15 179 213
New assets originated or purchased	159 413	—	—	—	—	—	159 413
Assets completed/(repaid)	(24 620)	(113)	—	(3)	(202)	—	(24 938)
Transfer to Stage 1	12 959	(12 959)	—	—	—	—	—
Transfer to Stage 2	(343 372)	81 822	261 550	—	—	—	—
Transfer to Stage 3	(149 781)	(884)	—	80 889	69 776	—	—
Interest income adjustment	—	—	—	8 575	69 068	26 494	104 137
Allowances write-off	—	—	—	(118 771)	(7 580)	—	(126 351)
Modifications in allowances	(61 498)	102 986	357 517	581 910	643 007	1 042 249	2 666 171
Modifications in the input data of macromodels	713 944	263 492	—	—	—	—	977 436
Translation difference	32 264	(6 995)	(14 886)	22 944	441 617	1 926	476 870
Allowance at 30 June 2022 (unaudited)	1 360 039	499 939	742 315	1 483 259	10 133 763	5 192 636	19 411 951
New assets originated or purchased	97 978	—	—	—	—	—	97 978
Assets completed/(repaid)	(40 962)	(688)	—	(6)	—	—	(41 656)
Transfer to Stage 1	1 537	(293)	—	(1 244)	—	—	—
Transfer to Stage 2	(358 036)	160 466	221 318	(23 748)	—	—	—
Transfer to Stage 3	(44 430)	(181 971)	(335 026)	54 228	507 199	—	—
Transfer to POCI	—	—	—	—	(672 783)	—	(672 783)

	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Stage 2 individual</i>	<i>Stage 3 collective</i>	<i>Stage 3 individual</i>	<i>POCI</i>	<i>Total</i>
Interest income adjustment	–	–	–	4 436	32 844	32 326	69 606
Allowances write-off	–	–	–	–	(199 970)	–	(199 970)
Modifications in allowances	(3 015)	45 177	1 281 918	592 183	2 248 044	1 216 621	5 380 928
Translation difference	126 946	92 493	165 795	22 070	2 086 585	23 683	2 517 572
Allowance at 30 September 2022 (unaudited)	1 140 057	615 123	2 076 320	2 131 178	14 135 682	6 465 266	26 563 626

State entities

The tables below show an analysis of modifications in allowance:

	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Stage 2 individual</i>	<i>Stage 3 collective</i>	<i>Stage 3 individual</i>	<i>POCI</i>	<i>Total</i>
Allowance at 1 January 2023	663 822	53 116	–	118 762	784 393	–	1 620 093
New assets originated or purchased	56 302	–	–	–	–	–	56 302
Assets completed/(repaid)	(11)	–	–	(38 201)	–	–	(38 212)
Transfer to Stage 2	(15 093)	2 482	12 611	–	–	–	–
Transfer to Stage 3	(54 796)	(53 116)	–	3 866	104 046	–	–
Transfer to POCI	–	–	–	(7 666)	–	–	(7 666)
Result from derecognition	–	–	–	(8 937)	–	–	(8 937)
Interest income adjustment	–	–	–	6 966	24 324	317	31 607
Modifications in allowances	47 090	(1 716)	174 678	(14 478)	(54 313)	11 547	162 808
Modifications in the input data of macromodels	2 491	3	–	–	–	–	2 494
Modifications in customer category	(74)	–	–	–	–	–	(74)
Demerger of a subsidiary	–	–	–	(175)	–	–	(175)
Translation difference	239	–	(118)	–	–	–	121
Allowance at 30 June 2023 (unaudited)	699 970	769	187 171	60 137	858 450	11 864	1 818 361
New assets originated or purchased	154 341	–	–	–	–	–	154 341
Assets completed/(repaid)	(1 495)	–	–	–	–	–	(1 495)
Transfer to Stage 1	183 216	–	(183 216)	–	–	–	–
Transfer to Stage 2	(56)	56	–	–	–	–	–
Transfer to Stage 3	–	(769)	–	(38 628)	39 397	–	–
Interest income adjustment	–	–	–	2 549	12 864	48	15 461
Modifications in allowances	(846 811)	894	(3 914)	36 546	119 500	(48)	(693 833)
Translation difference	(425)	–	(41)	–	–	–	(466)
Allowance at 30 September 2023 (unaudited)	188 740	950	–	60 604	1 030 211	11 864	1 292 369

	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Stage 2 individual</i>	<i>Stage 3 collective</i>	<i>POCI</i>	<i>Total</i>
Allowance at 1 January 2022	425 092	163	342 045	86 406	–	853 706
New assets originated or purchased	323 336	–	–	–	–	323 336
Assets completed/(repaid)	(2 143)	(5)	–	(32 832)	–	(34 980)
Transfer to Stage 2	(279)	279	–	–	–	–
Transfer to Stage 3	(33 233)	(198)	–	33 431	–	–
Transfer to POCI	–	–	–	(7 877)	–	(7 877)
Interest income adjustment	–	–	–	5 611	170	5 781
Modifications in allowance	(200 227)	52	140 654	1 133	(170)	(58 558)
Modifications in the input data of macromodels	581 651	314	–	–	–	581 965
Translation difference	7 664	–	24 769	527	–	32 960
Allowance at 30 June 2022 (unaudited)	1 101 861	605	507 468	86 399	–	1 696 333
New assets originated or purchased	233 113	–	–	–	–	233 113
Assets completed/(repaid)	(218 245)	(5 144)	–	(149)	–	(223 538)
Transfer to Stage 2	(10 907)	10 907	–	–	–	–
Interest income adjustment	–	–	–	2 964	203	3 167
Modifications in allowance	26 421	(308)	20 010	(1 734)	(203)	44 186
Translation difference	59 239	–	126 673	–	–	185 912
Allowance at 30 September 2022 (unaudited)	1 191 482	6 060	654 151	87 480	–	1 939 173

Individuals

The tables below show an analysis of modifications in allowance:

	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Stage 3 collective</i>	<i>POCI</i>	<i>Total</i>
Allowance at 1 January 2023	3 796	4 407	1 510 575	–	1 518 778
New assets originated or purchased	1 148	–	–	–	1 148
Assets completed/(repaid)	(524)	(370)	(2 513)	–	(3 407)
Transfer to Stage 1	1 492	(1 492)	–	–	–
Transfer to Stage 2	(1 371)	1 371	–	–	–
Transfer to Stage 3	(835)	(2 541)	3 376	–	–
Interest income adjustment	–	–	1 482	73	1 555
Assets written off	–	–	(57 314)	–	(57 314)
Modifications in allowance	392	344	(5 975)	1 966	(3 273)
Modifications in the input data of macromodels	(2 784)	(1 063)	–	–	(3 847)
Translation difference	–	6	11 809	–	11 815
Allowance at 30 June 2023 (unaudited)	1 314	662	1 461 440	2 039	1 465 455
New assets originated or purchased	782	–	–	–	782
Assets completed/(repaid)	(84)	(37)	(404)	–	(525)
Transfer to Stage 1	322	(322)	–	–	–
Transfer to Stage 2	(217)	217	–	–	–
Transfer to Stage 3	(669)	(144)	813	–	–
Transfer to POCI	–	–	(1 431)	–	(1 431)
Result from derecognition	–	–	(18)	–	(18)
Interest income adjustment	–	–	713	139	852
Assets written off	–	–	(666)	–	(666)
Modifications in allowance	(167)	46	(10 646)	(98)	(10 865)
Translation difference	–	1	(9 761)	–	(9 760)
Allowance at 30 September 2023 (unaudited)	1 281	423	1 440 040	2 080	1 443 824

	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Stage 3 collective</i>	<i>POCI</i>	<i>Total</i>
Allowance at 1 January 2022	2 305	1 209	1 285 409	–	1 288 923
New assets originated or purchased	1 209	–	–	–	1 209
Assets completed/(repaid)	(266)	(181)	(536)	–	(983)
Transfer to Stage 1	448	(448)	–	–	–
Transfer to Stage 2	(2 012)	2 113	(101)	–	–
Transfer to Stage 3	(916)	(1 196)	2 112	–	–
Interest income adjustment	–	–	1 849	–	1 849
Assets written off	–	–	(16 543)	–	(16 543)
Modifications in allowance	(65)	305	1 970	–	2 210
Modifications in the input data of macromodels	1 574	1 588	–	–	3 162
Translation difference	3	5	61 932	–	61 940
Allowance at 30 June 2022 (unaudited)	2 280	3 395	1 336 092	–	1 341 767
New assets originated or purchased	338	–	–	–	338
Assets completed/(repaid)	(351)	(551)	(15 770)	–	(16 672)
Transfer to Stage 1	161	(161)	–	–	–
Transfer to Stage 2	(2 468)	2 538	(70)	–	–
Transfer to Stage 3	(162)	(8 652)	8 814	–	–
Interest income adjustment	–	–	738	11	749
Assets written off	–	–	(19 988)	–	(19 988)
Modifications in allowance	5 246	10 355	(4 520)	(11)	11 070
Translation difference	12	33	255 484	–	255 529
Allowance at 30 September 2022 (unaudited)	5 056	6 957	1 560 780	–	1 572 793

Modified loans

The Bank derecognises a financial asset when the terms and conditions of the agreement have been renegotiated to the extent that, substantially, it becomes a new financial instrument, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

If the modification does not result in derecognition, then, based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

The table below includes the Stage 2 and Stage 3 assets modified during the period, with the related modification loss:

	<i>For the period ended 30 September</i>	
	<i>2023</i>	<i>2022</i>
	<i>(unaudited)</i>	
Loans to customers modified during the period		
Amortised cost before modification	9 225 596	1 130 918
Net modification loss	(10 138)	(3 784)

The impact of military aggression and the imposition of martial law in Ukraine

The status of a state-owned Bank specializing in the financing of export-import transactions imposes a special role on the Bank during martial law in meeting the state's needs in financing the supply of critical imports and lending to strategic sectors of the economy for defence, food provisioning and humanitarian purposes, in particular in order to preserve the sovereignty of Ukraine.

Currently, the Bank has updated its credit policy, taking into account the armed aggression of the Russian Federation against Ukraine. The Bank has identified a list of sectors of the economy to which it will provide priority credit support, namely the military-industrial complex, critical imports, the agricultural sector, the fuel and energy sector, infrastructure projects, export-oriented industries, humanitarian and social projects.

To date, the Bank has restricted foreign currency lending and will continue to provide credit support mostly in the national currency. Lending in foreign currency will be provided within the programs of international financial institutions (IBRD, EBRD, EIB), both current and new programs.

In order to support its customers faced with force majeure related to the military aggression of the Russian Federation against Ukraine, the Bank considers the issues of debtors' restructuring (individually, taking into account the characteristics of each individual debtor, the actual impact of the war on their financial and business condition and further prospects forecast).

The Russian military invasion to Ukraine necessitated an extraordinary revision of approaches and refinement of methods for estimating expected credit losses, including more detailed portfolio segmentation, application of expert judgments as a result of prompt processing of information on the current and projected state of hostilities and their impact on assets, operating activities, financial condition of debtors and their ability to meet monetary obligations to the Bank. The Bank is constantly analysing the loan portfolio in stages, in particular, debtors whose main assets are located in the temporarily occupied territories and territories where active hostilities are taking place (depending on whether they have other assets, their ability to conduct or resume operating activities, including taking into account the forecasts for the liberation of the respective territories / cessation of active hostilities and their return to the control of Ukraine), as well as borrowers located in other territories, based on the risks of damage to property and assessment of their ability to conduct operating activities in the current conditions, forecasts of changes in the situation, are reclassified in stages. At the same time, for the debtors assessed on an individual basis (regardless of whether the asset's stage has deteriorated or whether it was classified as Stage 2 or Stage 3 before the outbreak of war), scenarios of obtaining cash flows for debt repayment are reviewed at least quarterly, which involves the change of repayment schedule and expert assessment of their receipt under various event scenarios. In addition, when calculating the provisions, the expected cash flows from the sale of collateral that was destroyed or significantly damaged during the hostilities, as well as those located in the territories not controlled by Ukraine and in the areas of active hostilities, which makes it impossible to conduct a proper inspection and adequate assessment, are reduced to zero.

According to the Bank's estimates, the increase in the provisions for loans for 9 months 2023 due to the impact of the war is UAH 1,860,758.4 thousand. The Bank will continue to collect and process information to ensure adequate assessment of credit risks despite the uncertainties caused by the war.

9. Investments in securities

Investments in securities include:

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Investment securities at fair value through profit or loss	18 137 217	26 961 581
Investment securities at fair value through other comprehensive income	27 337 605	12 543 679
Investment securities at amortised cost	18 778 416	22 092 656
Securities held for trading	3 247 745	888 792
Investments in securities	67 500 983	62 486 708

Investment securities at fair value through profit or loss

As at 30 September 2023 investment securities at FVPL with the carrying amount of UAH 18,137,217 thousand (31 December 2022: UAH 26,961,581 thousand) are represented by Ukrainian state bonds with indexed value. The conditions of issue of those securities provide for indexation of the nominal value by maturity according to the changes in the average interbank exchange rate of UAH to USD per month prior to the date of issue and per month prior to the maturity date. Coupon yield is not subject to indexation.

As at 30 September 2023 securities held for trading are represented by Ukrainian state bonds with the carrying amount of UAH 3,247,745 thousand (31 December 2022: UAH 888,792 thousand).

As at 30 September 2023 the state bonds with a carrying amount of UAH 9,129,540 thousand are pledged as collateral on loans received from the NBU (31 December 2022: UAH 10,546,640 thousand) (Note 13).

During the nine months ended 30 September 2023 the Bank recognised loss from revaluation of investment securities at fair value through profit or loss in the amount of UAH 45,749 thousand (30 September 2022: income in the amount of UAH 3,691,056 thousand), which is included in "Net income/(loss) from operations in financial instruments at fair value through profit or loss".

Investment securities at fair value through other comprehensive income

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Ukrainian state bonds	27 317 263	12 521 500
Corporate shares	20 342	22 179
Investment securities at fair value through other comprehensive income	27 337 605	12 543 679

As at 30 September 2023 Ukrainian state bonds with carrying amount of UAH 6,444,865 thousand are pledged as collateral for loans received from the NBU (31 December 2022: UAH 6,629,543 thousand) (Note 13).

As at 30 September 2023 Ukrainian state bonds with carrying amount of UAH 604,632 thousand are pledged as collateral for loans received from other financial institutions (31 December 2022: UAH 63,729 thousand) (Note 14).

As at 30 September 2023 Ukrainian state bonds with carrying amount of UAH 1,304,025 thousand are used to form a guarantee fund for interest rate swaps (31 December 2022: UAH 967,193 thousand) (Note 12).

The Bank has, in its sole discretion, classified certain investments in equity instruments as investments in equity instruments that are measured at fair value through other comprehensive income on the basis that they are not intended for trading. Such investments mainly include mandatory investments in the capital of exchanges and clearing houses, investments resulting from the Bank's receipt of equity shares in exchange for debt repayment.

The tables below show an analysis of changes in the related reserves for investment securities at fair value through other comprehensive income:

	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Total</i>
Allowance at 1 January 2023	28 706	259 422	288 128
New assets originated or purchased	160 658	—	160 658
Assets repaid	(27 899)	—	(27 899)
Modifications in allowance	(1 649)	(6 217)	(7 866)
Sold assets	(1 284)	(2 632)	(3 916)
Allowance at 30 June 2023 (unaudited)	158 532	250 573	409 105
New assets originated or purchased	22 675	—	22 675
Assets repaid	—	(842)	(842)
Modifications in allowance	3 377	(28 978)	(25 601)
Sold assets	—	(628)	(628)
Translation difference	(1 943)	—	(1 943)
Allowance at 30 September 2023 (unaudited)	182 641	220 125	402 766

	<i>Stage 1 collective</i>
Allowance at 1 January 2022	39 108
New assets originated or purchased	20 947
Assets repaid	(2 431)
Modifications in allowance	220 387
Sold assets	(8 333)
Translation difference	94
Allowance at 30 June 2022 (unaudited)	269 772
New assets originated or purchased	22 584
Assets repaid	(31 098)
Modifications in allowance	18 132
Sold assets	(50 676)
Translation difference	5 691
Allowance at 30 September 2022 (unaudited)	234 405

Investment securities at amortised cost

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Ukrainian state bonds	13 440 479	13 704 594
Corporate bonds	5 637 439	8 559 137
Municipal bonds	224 884	225 400
	19 302 802	22 489 131
Less: allowance for expected credit losses	(524 386)	(396 475)
Investment securities at amortised cost	18 778 416	22 092 656

As at 30 September 2023 state bonds with carrying amount of UAH 6,575,138 thousand are pledged as collateral on loans received from the NBU (31 December 2022: UAH 6,722,983 thousand) (Note 13).

As at 30 September 2023 corporate bonds with carrying amount of UAH 5,537,095 thousand are pledged as collateral on loans received from the NBU (31 December 2022: UAH 8,461,960 thousand) (Note 13).

The tables below show an analysis of modifications in the related allowance for investment securities at amortised cost:

	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Total</i>
Allowance at 1 January 2023	114 272	282 203	396 475
New assets originated or purchased	1 455	—	1 455
Assets repaid	(1 435)	—	(1 435)
Modifications in allowance	143 794	(66)	143 728
Translation difference	1 662	—	1 662
Allowance at 30 June 2023 (unaudited)	259 748	282 137	541 885
Modifications in allowance	(1 597)	(6 879)	(8 476)
Translation difference	(9 023)	—	(9 023)
Allowance at 30 September 2023 (unaudited)	249 128	275 258	524 386

	<i>Stage 1 collective</i>
Allowance at 1 January 2022	46 938
New assets originated or purchased	9 213
Assets repaid	(28 591)
Modifications in allowance	191 765
Translation difference	942
Allowance at 30 June 2022 (unaudited)	220 267
New assets originated or purchased	194 500
Modifications in allowance	(1 231)
Translation difference	10 039
Allowance at 30 September 2022 (unaudited)	423 575

10. Other financial assets and other financial liabilities

Other financial assets comprise:

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Transit accounts on operations with payment cards	337 307	271 219
Other accrued income	107 023	162 950
Accounts receivable on operations with customers	82 037	84 632
Accrued service fee on financial guarantees issued	69 047	82 137
Other	–	733
	595 414	601 671
Less: allowance for expected credit losses	(125 189)	(149 704)
Other financial assets	470 225	451 967

Other financial liabilities include:

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Transit accounts on operations with customers	1 608 663	387 806
Transit accounts on operations with payment cards	260 049	170 777
Accrued expenses	22 538	17 164
Liabilities on financial guarantees issued	9 585	12 902
Lease commitments	4 678	7 179
Other	53	4 988
Other financial liabilities	1 905 566	600 816

The following table shows the analysis of changes in allowance of other financial assets:

	<i>Stage 1 collective</i>
Allowance at 1 January 2023	149 704
New assets originated or purchased	17 610
Assets completed/(repaid)	(27 975)
Modifications in allowance	(430)
Translation difference	399

	Stage 1 collective
Allowance at 30 June 2023 (unaudited)	139 308
New assets originated or purchased	2 919
Assets completed/(repaid)	(4 379)
Modifications in allowance	(12 121)
Translation difference	(538)
Allowance at 30 September 2023 (unaudited)	125 189
	Stage 1 collective
Allowance at 1 January 2022	86 466
New assets originated or purchased	18 166
Assets completed/(repaid)	(12 181)
Modifications in allowance	22 163
Assets written off	(5 952)
Translation difference	1 759
Allowance at 30 June 2022 (unaudited)	110 421
New assets originated or purchased	13 458
Assets completed/(repaid)	(12 957)
Modifications in allowance	11 396
Assets written off	(6 597)
Translation difference	8 481
Allowance at 30 September 2022 (unaudited)	124 202

11. Other non-financial assets and other non-financial liabilities

Other non-financial assets include:

	30 September 2023 (unaudited)	31 December 2022
Advance payments	147 745	146 755
Other tax assets, except those related to income tax	46 314	22 707
Cash, which availability is not confirmed	44 098	44 237
Inventories	31 618	34 167
Reposessed pledged property	2 460	5 791
Other	2 398	2 453
	274 633	256 110
Less: allowance for impairment	(99 719)	(118 396)
Other non-financial assets	174 914	137 714

Other non-financial liabilities include:

	30 September 2023 (unaudited)	31 December 2022
Accrued unused vacations	197 731	183 963
Accrued salary	94 503	28 784
Payables to the Individual Deposit Guarantee Fund	67 206	63 305
Payables on taxes and mandatory contributions, except for income tax	39 155	22 074
Deferred income	24 688	25 982
Payables on the Bank's business activities	4 668	9 713
Other	180	152
Other non-financial liabilities	428 131	333 973

The following tables show the analysis of impairment losses of other non-financial assets:

Allowance at 1 January 2023	118 396
Reversal	(5 506)
Translation difference	182
Allowance at 30 June 2023 (unaudited)	113 072
Reversal	(13 113)
Translation difference	(240)
Allowance at 30 September 2023 (unaudited)	99 719

Allowance at 1 January 2022	69 599
Accrued	15 464
Translation difference	1 715
Allowance at 30 June 2022 (unaudited)	86 778
Accrued	29 331
Assets written off	(4 606)
Translation difference	9 004
Allowance at 30 September 2022 (unaudited)	120 507

12. Derivative financial instruments

The Bank conducted transactions with various derivative financial instruments, namely: swaps in the foreign exchange market and interest rate swaps.

Currency swap

The Bank conducts currency exchange operations, as a result of which the Bank is obliged to provide one currency in exchange for another one under pre-determined exchange rates.

Interest rate swap

The Bank enters into agreements with the NBU for the exchange of interest payments, which are calculated at different rates, but taking into account one notional amount during the agreement validity. The notional amount of loans (granted and borrowed) under the interest rate swap is used exclusively for interest calculations and is not transferred between the parties to the agreement.

As at 30 September 2023 the notional amounts are (unaudited):

	Notional amount		Fair value	
	Assets	Liabilities	Assets	Liabilities
Currency swap	1 897 018	1 896 039	46	934
Interest rate swap	5 525 000	5 525 000	740 038	–

As at 31 December 2022 the notional amounts are:

	Notional amount		Fair value	
	Assets	Liabilities	Assets	Liabilities
Currency swap	12 073 256	12 052 958	16 809	9 810
Interest rate swap	8 397 406	8 397 406	2 307 813	–

As at 30 September 2023 to form the guarantee fund for interest rate swap operations, the Bank used investment securities – Ukrainian state bonds with the carrying amount of UAH 1,304,025 thousand (31 December 2022: UAH 967,193 thousand) (Note 9).

During the nine months ended 30 September 2023 the Bank recognised loss from revaluation of derivative financial instruments in the amount of UAH 621,867 thousand (30 September 2022: income in the amount of UAH 2,305,462 thousand), which is included in “Net income/(loss) from operations in financial instruments at fair value through profit or loss”.

13. Due to other banks

Due to banks comprise:

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Amount due to the National Bank of Ukraine		
Loans from the National Bank of Ukraine	–	18 468 854
	–	18 468 854
Amounts due to banks		
Current accounts	3 134 216	3 491 381
Loans and deposits	145 177	152 308
Other amounts due to banks	59 162	46 095
	3 338 555	3 689 784
Amounts due to banks	3 338 555	22 158 638

For the purposes of the consolidated cash flow statement presentation, the Bank allocates the funds due to banks between the operating and financing activities. The loans and deposits raised from non-resident banks were included in the category of funds for financing activities, and all other components of due to banks – for operating activities.

14. Other borrowed funds

Other borrowed funds include:

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Loans from international financial institutions	22 453 939	23 400 194
Issued Eurobonds	2 272 662	3 870 390
Loans of other financial institutions	290 536	30 774
Other borrowed funds	25 017 137	27 301 358

As at 30 September 2023 the debt on loans of other financial institutions is secured by investment securities – state bonds with a carrying amount of UAH 604,632 thousand (31 December 2022: UAH 63,729 thousand) (Note 9).

Issued Eurobonds

	<i>30 September 2023 (unaudited)</i>			<i>31 December 2022</i>		
	<i>Debt balance (thous.)</i>	<i>Currency</i>	<i>Carrying amount</i>	<i>Debt balance (thous.)</i>	<i>Currency</i>	<i>Carrying amount</i>
Issue of January 2013	50 708	USD	1 893 885	84 513	USD	3 225 325
Issue of April 2013	10 142	USD	378 777	16 903	USD	645 065
Issued Eurobonds			2 272 662			3 870 390

15. Customer accounts

Customer accounts comprise:

	30 September 2023 (unaudited)	31 December 2022
Current accounts:		
- Legal entities	73 502 691	59 393 337
- Budget financed organizations	25 212 319	51 054 029
- Individuals	9 092 965	10 193 028
	107 807 975	120 640 394
Time deposits:		
- Legal entities	59 783 634	26 035 709
- Individuals	24 757 804	21 319 569
- Budget financed organizations	556 151	-
	85 097 589	47 355 278
Demand deposits:		
- Legal entities	7 361 488	7 784 366
- Individuals	1 240 828	1 367 387
	8 602 316	9 151 753
Customer accounts	201 507 880	177 147 425
Held as security against guarantees and avals (Note 17)	2 143 426	3 196 199
Held as security against letters of credit (Note 17)	1 067 022	578 870
Held as security against loans to customers (Note 8)	610 291	1 306 263
Held as security against undrawn loan commitments (Note 17)	7 112	2 589

As at 30 September 2023 customer accounts included attracted deposits and current accounts in gold, which are measured at fair value with revaluation through profit or loss, in the amount of UAH 69,062 thousand (31 December 2022: UAH 66,457 thousand). The change in the fair value of funds raised in gold, which is due to changes in credit risk, as of 30 September 2023 is not available (31 December 2022: not available).

16. Equity

As at 30 September 2023 the Bank's authorised capital comprised 31,168,806 ordinary registered shares (31 December 2022: 31,168,806 ordinary registered shares) with a nominal value of UAH 1,462.04 per share (31 December 2022: UAH 1,462.04 per share). As at 30 September 2023, 31,168,806 ordinary registered shares were fully paid and registered (31 December 2022: 31,168,806 ordinary registered shares were fully paid and registered).

By Resolution of the Cabinet of Ministers of Ukraine dated 03.03.2022 № 183 “Certain issues of dividend payment by state-owned banks in 2022” the basic rate of deduction of profit, which is directed to the state budget as dividend payment by “Ukreximbank” JSC based on results of financial and economic activities in 2021, was approved.

In the first quarter of 2022 the Bank made an advance deduction of part of the profit for the payment of dividends on financial and economic activities in 2021 in the amount of UAH 1,364,209 thousand, amount of dividends per share is UAH 43.77. In accordance with Article 57 of the Tax Code of Ukraine, the Bank accrued and paid to the budget an advance on income tax in the amount of UAH 245,558 thousand.

In accordance with the Resolution of the Cabinet of Ministers of Ukraine dated 16 June 2023 No. 575-p “*Certain Issues of the Activities of “The State Export-Import Bank of Ukraine” Joint Stock Company*”, the Bank allocated part of the 2021 profit in the amount of UAH 1,364,209 thousand to the reserve fund and used it to cover the loss of previous years.

Movements in other reserves

Movements in other reserves were as follows:

	<i>Property revaluation reserve</i>	<i>Reserve of gains and losses on financial assets measured at fair value through other comprehensive income</i>	<i>Reserve of gains and losses from investments in equity instruments</i>	<i>Other reserves</i>
As at 1 January 2022	926 276	(962 130)	(62 775)	(98 629)
Depreciation of revaluation reserve, net of tax	(18 652)	–	–	(18 652)
Net (losses)/gains on investment securities at fair value through other comprehensive income, including:	–	(1 576 204)	(1 080)	(1 577 284)
Expenses on expected credit losses on investment securities at fair value through other comprehensive income	–	(248 521)	–	(248 521)
Net realised gains from operations with debt financial instruments measured at fair value through other comprehensive income	–	(63 582)	–	(63 582)
Net unrealised (losses) / gains on investment securities at fair value through other comprehensive income	–	(1 264 101)	(1 080)	(1 265 181)
Income tax related to components of other comprehensive income	–	–	–	–
As at 30 September 2022 (unaudited)	907 624	(2 538 334)	(63 855)	(1 694 565)
As at 1 January 2023	1 052 303	(2 449 725)	(63 844)	(1 461 266)
Depreciation of revaluation reserve, net of tax	(19 857)	–	–	(19 857)
Net (losses)/gains on investment securities at fair value through other comprehensive income, including:	–	1 376 965	(1 837)	1 375 128
Expenses for expected credit losses on investment securities at fair value through other comprehensive income	–	(121 125)	–	(121 125)
Net realised gains from operations with debt financial instruments at fair value through other comprehensive income	–	(4 094)	–	(4 094)
Net unrealised (losses) / gains on investment securities at fair value through other comprehensive income	–	1 502 184	(1 837)	1 500 347
Income tax related to components of other comprehensive income	–	–	–	–
As at 30 September 2023 (unaudited)	1 032 446	(1 072 760)	(65 681)	(105 995)

17. Loan commitments

Loan commitments and financial guarantee contracts

Loan commitments and financial guarantee contracts of the Bank comprise:

	30 September 2023 (unaudited)	31 December 2022
Undrawn loan commitments	13 026 575	24 309 454
Financial guarantees	3 646 663	3 393 212
Letters of credit	3 731 074	1 367 304
Avals on promissory notes	625 543	339 993
	21 029 855	29 409 963
Provisions	(289 920)	(520 007)
Cash held as security against letters of credit, avals, finance guarantees and loan commitments (Note 15)	(2 009 628)	(2 443 037)

The following tables show the analysis of changes in provisions for credit-related commitments:

	Stage 1 collective	Stage 2 collective	Stage 2 individual	Stage 3 collective	Stage 3 individual	Total
Provision for credit-related commitments as at 1 January 2023	318 330	5 330	59 380	94 144	1 434	478 618
New liabilities originated or purchased	122 528	–	–	–	–	122 528
Liabilities completed/(settled)	(246 264)	(1 006)	(65 370)	(95 212)	(3 614)	(411 466)
Transfer to Stage 1	3 044	(2 493)	–	(551)	–	–
Transfer to Stage 2	(2 644)	816	1 870	(42)	–	–
Transfer to Stage 3	(43 276)	(2 458)	–	45 734	–	–
Modifications in allowance	39 507	(60)	5 030	12 803	2 180	59 460
Modifications in the input data of macromodels	(2 161)	(77)	–	–	–	(2 238)
Translation differences	312	–	–	1 817	–	2 129
Provision for credit-related commitments at 30 June 2023 (unaudited)	189 376	52	910	58 693	–	249 031
New liabilities originated or purchased	29 952	–	–	–	–	29 952
Liabilities completed/(settled)	(41 821)	(3)	(880)	(51 440)	–	(94 144)
Transfer to Stage 1	431	(6)	–	(425)	–	–
Transfer to Stage 2	(789)	23	766	–	–	–
Transfer to Stage 3	(721)	(35)	–	734	22	–
Modifications in allowance	(70 536)	11	(30)	10 209	–	(60 346)
Translation differences	(657)	–	–	(1 793)	–	(2 450)
Provision for credit-related commitments at 30 September 2023 (unaudited)	105 235	42	766	15 978	22	122 043
	Stage 1 collective	Stage 2 collective	Stage 2 individual	Stage 3 collective	Stage 3 individual	Total
Provision for credit-related commitments as at 1 January 2022	248 247	76	–	593	–	248 916
New liabilities originated or purchased	221 183	–	–	–	–	221 183
Liabilities completed/(settled)	(171 610)	(800)	(28 739)	(3 023)	–	(204 172)
Transfer to Stage 1	71	(29)	–	(42)	–	–
Transfer to Stage 2	(65 146)	6 446	58 706	(6)	–	–
Transfer to Stage 3	(518)	(214)	–	732	–	–

	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Stage 2 individual</i>	<i>Stage 3 collective</i>	<i>Stage 3 individual</i>	<i>Total</i>
Modifications in allowance	(81 341)	2 306		15 394	17 551	(46 090)
Modifications in the input data of macromodels	254 571	6 296		–	–	260 867
Translation differences	6 814	(1 714)		–	–	5 100
Provision for credit- related commitments at 30 June 2022 (unaudited)	412 271	12 367		45 361	15 805	485 804
New liabilities originated or purchased	143 657	–		–	–	143 657
Liabilities completed/(settled)	(105 456)	(5 193)		(32 254)	(7 150)	(150 053)
Transfer to Stage 1	27	(17)		–	(10)	–
Transfer to Stage 2	(27 740)	234		27 506	–	–
Transfer to Stage 3	(1 791)	(1 009)		–	2 800	–
Modifications in allowance	(32 702)	(966)		(29 777)	10 183	(53 262)
Translation differences	63 383	104		13 326	1	76 814
Provision for credit- related commitments at 30 September 2023 (unaudited)	451 649	5 520		24 162	21 629	502 960

Performance guarantees

Performance guarantees are an agreement to provide compensation if a counterparty fails to perform its contractual obligations. Performance guarantees are not exposed to credit risk. The risk is related to the possibility of failure to perform the contractual obligations by the counterparty.

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Performance guarantees	4 579 024	6 166 559
Provisions	(666)	(2 307)
Cash held as security against performance guarantees (Note 15)	(1 207 932)	(1 334 621)

The provision for performance guarantees is included in items “Other commitments” of the consolidated financial statements.

Financial covenants

The Bank is a party to various agreements with other credit institutions, which contain requirements for the implementation of financial performance and overall risk structure of the Bank (capital adequacy, liquidity, credit risks). The benchmarks of indicators are set by the terms of agreements, other documents agreed upon by the parties to the agreements, with reference to both international and local regulatory requirements.

These financial covenants may restrict the Bank's ability to follow certain business strategies and be engaged in other significant future transactions.

Pledged assets

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

Assets pledged by the Bank as collateral:

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>		<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
<i>Liability type</i>	<i>Liability amount</i>		<i>Asset type</i>	<i>Asset carrying amount</i>	
NBU refinancing loans	–	18 468 854	Ukrainian state bonds at fair value through profit or loss	9 129 540	10 546 640
			Ukrainian state bonds at fair value through other comprehensive income	6 444 865	6 629 543
			Ukrainian state bonds at amortised cost	6 575 138	6 722 983
			Corporate bonds	5 537 095	8 461 960
NBU interest rate swap (notional amount)	5 525 000	8 397 406	Ukrainian state bonds at fair value through other comprehensive income	1 304 025	967 193
Loans from other financial organizations	290 536	30 774	Ukrainian state bonds at fair value through other comprehensive income	604 632	63 729

18. Employee benefits expense and other administrative and operating expenses

Employee benefits expense and other administrative and operating expenses comprise:

	<i>2023</i>		<i>2022</i>	
	<i>for three months ended 30 September</i>	<i>for nine months ended 30 September</i>	<i>for three months ended 30 September</i>	<i>for nine months ended 30 September</i>
	<i>(unaudited)</i>			
Salaries and bonuses	428 108	1 162 381	339 464	1 180 693
Mandatory contributions to the state funds	68 375	201 539	65 022	216 296
Employee benefits expense	496 483	1 363 920	404 486	1 396 989
Payables to the Individual Deposit Guarantee Fund	67 206	194 624	60 918	164 837
Repair and maintenance of property, plant and equipment	42 961	102 305	23 731	67 738
Security	15 895	50 039	19 533	55 726
Maintenance of premises	15 429	52 155	14 503	44 092
Expenses for computer processing of information	13 125	35 914	8 763	22 348
Business expenses	7 869	14 680	4 362	10 833
Expenses for cash collection	7 638	19 230	5 027	12 249
Operating taxes	7 218	26 014	9 567	26 146
Communication services	5 245	12 538	4 105	10 353
Marketing and advertising	3 890	7 892	849	7 509
Rent of premises	3 100	9 093	3 090	7 858
Business travel and related expenses	1 484	3 767	911	1 697
Representative offices expenses	692	2 425	873	2 558
Legal and advisory services	621	12 114	32 857	40 633
Results from sale of investment real estate	–	–	33 305	44 205
Guarantee performance impairment losses / (reversal of losses)	(300)	(1 642)	(42)	340
Modifications in financial assets	(3 901)	19 108	(2 837)	2 175
Other	20 717	54 928	20 731	56 687
Other administrative and operating expenses	208 889	615 184	240 246	577 984

Expenses for payment to the non-state pension fund for the period ended 30 September 2023 amount to UAH 738 thousand (30 September 2022: UAH 930 thousand).

19. Fair value of assets and liabilities

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

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

	30 September 2023 (unaudited)			31 December 2022		
	Carrying amount	Fair value	Unrecognised gain/(loss)	Carrying amount	Fair value	Unrecognised gain/(loss)
Financial assets						
Cash and cash equivalents	95 532 298	95 532 298	–	81 386 122	81 386 122	–
Loans and advances to banks	488 816	488 816	–	498 804	498 804	–
Loans and advances to customers	73 902 027	73 078 969	(823 058)	82 429 861	80 947 706	(1 482 155)
Investment securities at amortised cost	18 778 416	17 420 966	(1 357 450)	22 092 656	19 887 489	(2 205 167)
Other financial assets	470 225	470 225	–	451 967	451 967	–
Financial liabilities						
Due to other banks	3 338 555	3 338 555	–	22 158 638	22 158 638	–
Customer accounts	201 438 818	200 889 615	549 203	177 080 968	177 112 933	(31 965)
Other borrowed funds	25 017 137	24 880 441	136 696	27 301 358	24 931 949	2 369 409
<i>Incl. Eurobonds issued</i>	<i>2 272 662</i>	<i>2 135 966</i>	<i>136 696</i>	<i>3 870 390</i>	<i>1 500 981</i>	<i>2 369 409</i>
Subordinated debt	3 760 528	2 809 796	950 732	4 055 444	1 458 128	2 597 316
Other financial liabilities	1 905 566	1 905 566	–	600 816	600 816	–
Total unrecognised changes in unrealised fair value			(543 877)			1 247 438

The following describes the methodologies and assumptions used to determine fair values for the financial instruments that are not recorded at fair value in the annual consolidated financial statements.

Assets whose fair value approximates their carrying value

For the financial assets and financial liabilities that are liquid or have a short-term maturity (up to three months), it is assumed that their carrying values approximate their fair values. This assumption is also applied to demand deposits, savings accounts without a specific maturity and variable rate financial instruments.

Fixed rate financial instruments

The fair values of fixed rate financial assets and financial liabilities carried at amortised cost are estimated by comparing the market interest rates at the date when they were first recognised with the current market rates offered for similar financial instruments. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using the prevailing money-market interest rates for debts with similar credit risk and maturity. For listed debt instruments issued the fair values are calculated based on quoted market prices. For listed securities issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

Analysis of financial instruments measured at fair value by level in the fair value hierarchy is presented in the table below:

As at 30 September 2023 (unaudited)	Fair value recurring measurements		
	Level 2	Level 3	Total
Current accounts with banks in precious metals	97 797	–	97 797
Investment securities at fair value through profit or loss	–	18 137 217	18 137 217
Securities held for trading	3 247 745	–	3 247 745

As at 30 September 2023 (unaudited)	Fair value recurring measurements		
	Level 2	Level 3	Total
Investment securities at fair value through other comprehensive income	27 317 263	20 342	27 337 605
Derivative financial assets	740 084	–	740 084
Total assets	31 402 889	18 157 559	49 560 448
Amounts due to customers in precious metals	69 062	–	69 062
Derivative financial liabilities	934	–	934
Total liabilities	69 996	–	69 996

As at 31 December 2022	Fair value recurring measurements		
	Level 2	Level 3	Total
Current accounts with banks in precious metals	94 668	–	94 668
Investment securities at fair value through profit or loss	–	26 961 581	26 961 581
Securities held for trading	888 792	–	888 792
Investment securities at fair value through other comprehensive income	12 521 500	22 179	12 543 679
Derivative financial assets	2 324 622	–	2 324 622
Total assets	15 829 582	26 983 760	42 813 342
Amounts due to customers in precious metals	66 457	–	66 457
Derivative financial liabilities	9 810	–	9 810
Total liabilities	76 267	–	76 267

The Bank recognises the need of transfer between levels of the fair value hierarchy at the end of each reporting period.

Movements in level 3 assets measured at fair value

The following table shows a reconciliation of the opening and closing amounts of Level 3 assets carried at fair value:

	At 1 January 2023	Gain/(loss) recognised in the consolidated statement of profit and loss	Gain/(loss) recognised in the consolidated statement of comprehensive income	Settlements	As at 30 September 2023 (unaudited)
Investment securities at fair value through profits and losses	26 961 581	781 586 ^(a)	–	(9 605 950) ^(c)	18 137 217
Investment securities at fair value through other comprehensive income	22 179	958 ^(b)	(1 837)	(958) ^(d)	20 342
Total assets	26 983 760	782 544	(1 837)	(9 606 908)	18 157 559

	At 1 January 2022	Gain/(loss) recognised in the consolidated statement of profit and loss	Gain/(loss) recognised in the consolidated statement of comprehensive income	Settlements	At 31 December 2022
Investment securities at fair value through profits and losses	23 319 113	4 772 928 ^(a)	–	(1 130 460) ^(c)	26 961 581
Investment securities at fair value through other comprehensive income	23 248	795 ^(b)	(1 069)	(795) ^(d)	22 179
Total assets	23 342 361	4 773 723	(1 069)	(1 131 255)	26 983 760

(a) Gain in the amount of UAH 781,586 thousand include: loss in the amount of UAH 45,749 thousand of revaluation of investment securities at fair value through profit or loss, which is included in "Net gain / (loss) from transactions with financial instruments at fair value through profit

or loss" and income in the amount of UAH 827,335 thousand of accrued interest income, which is included in "Interest income" (2022: gain in the amount of UAH 4,772,928 thousand include: UAH 3,639,380 thousand of revaluation of investment securities at fair value through profit or loss, which is included in the item "Net gain / (loss) on transactions with financial instruments at fair value through profit or loss" and UAH 1,133,548 thousand of accrued interest income, which is included in "Interest income").

- (b) Accrued dividends in the amount of UAH 958 thousand are included in the item "Other income" (2022: accrued dividends in the amount of UAH 795 thousand are included in the item "Other income").
- (c) Redemptions in the amount of UAH 9,605,950 thousand include: UAH 8,746,150 thousand of securities redemption and UAH 859,800 thousand redemption of the coupon (2022: redemption in the amount of UAH 1,130,460 thousand include: UAH 1,130,460 thousand of redemption of the coupon).
- (d) Payment of dividends in the amount of UAH 958 thousand (2022: payment of dividends in the amount of UAH 795 thousand).

Profit or loss in level 3 assets measured at fair value included in the profit or loss for the reporting period constitutes:

<i>At 30 September 2023</i>			
<i>(unaudited)</i>			
	<i>Realised gains</i>	<i>Unrealised gains</i>	<i>Total</i>
Investment securities at fair value through profit or loss	631 729	149 857	781 586
Investment securities at fair value through other comprehensive income	958	–	958
Total	632 687	149 857	782 544

<i>At 30 September 2022</i>			
<i>(unaudited)</i>			
	<i>Realised gains</i>	<i>Unrealised gains</i>	<i>Total</i>
Investment securities at fair value through profit or loss	635 780	3 903 121	4 538 901
Investment securities at fair value through other comprehensive income	795	–	795
Total	636 575	3 903 121	4 539 696

The tables below provides quantitative information as at 30 September 2023 and 31 December 2022 on significant unobservable market inputs used to determine the fair value of assets classified as level 3 of hierarchy of the fair value sources:

<i>At 30 September 2023</i>	<i>Carrying amount</i>	<i>Valuation technique</i>	<i>Unobservable parameter</i>	<i>Range of parameter values, %</i>
<i>(unaudited)</i>				
Investment securities at fair value through other comprehensive income	20 342	Discounted cash flows	Expected profitability	13,9
Investment securities at fair value through profit or loss	18 137 216	Garman-Kohlhagen model	Historical volatility of UAH/USD exchange rate	24,814
<i>At 31 December 2022</i>	<i>Carrying amount</i>	<i>Valuation technique</i>	<i>Unobservable parameter</i>	<i>Range of parameter values, %</i>
Investment securities at fair value through other comprehensive income	22 179	Discounted cash flows	Expected profitability	13,9
Investment securities at fair value through profit or loss	26 961 581	Garman-Kohlhagen model	Historical volatility of UAH/USD exchange rate	25,863

Sensitivity of fair value measurement for Level 3 to possible changes in the inputs used

As at 30 September 2023 when increasing / decreasing the historical volatility of the exchange rate by 1 percentage point, the fair value of investment securities at fair value through profit or loss will increase by UAH 3,380.08 thousand / decrease by UAH 3,226.67 thousand (30 September 2022: will increase by UAH 5,530.77 thousand / decrease by UAH 5,337.14 thousand).

As at 30 September 2023 assumptions about the impact of changes in exchange rate volatility when estimating the fair value of investment securities at fair value through profit or loss are estimated by the Bank at +66.04 percentage points. The effect of such changes in the volatility of the rate on Ukrainian state bonds with an indexed value is UAH 426,469.77 thousand and will increase profits (30 September 2022: assumptions about the impact of changes in exchange rate volatility as at 30 September 2022 when estimating the fair value of investment securities at fair value through profit or loss are estimated by the Bank at +70.85 percentage points. The effect of such changes in the volatility of the rate on Ukrainian state bonds with an indexed value is UAH 746,777.67 thousand and will increase profits).

20. Related party transactions

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if they are under common control, or one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into the transactions, which unrelated parties might not. The terms and conditions of such transactions may differ from those between unrelated parties.

Transactions and balances under transactions with related parties comprise transactions with entities controlled by the government (directly or indirectly, or significantly influenced by the Ukrainian Government) and the key governance personnel.

The settlement balances with the key management personnel as at 30 September 2023 and 31 December 2022 and the related income and expense for six months ended 30 September of 2023 and 2022 are as follows:

	<i>Key management personnel</i>	
	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Loans and advances to customers, gross	1 056	4 295
Less: allowance for impairment	(7)	(311)
Loans and advances to customers, net	1 049	3 984
Other financial assets	9	16
Current accounts	3 272	19 426
Time deposits	4 066	8 096
Customer accounts	7 338	27 522
Other non-financial liabilities	5	15
	<i>For the period ended 30 September</i>	
	<i>2023</i>	<i>2022</i>
	<i>(unaudited)</i>	
Interest income on loans	88	144
Interest expenses on customer deposits	(190)	(81)
Fee income	134	203
Translation differences	(15)	969

During the nine months ended 30 September 2023, the total amount of remuneration and other payments to key management personnel amounted to UAH 71,058 thousand (payments to the non-state pension fund – UAH 38 thousand) (30 September 2022: UAH 82,531 thousand, payments to the non-state pension fund – UAH 45 thousand).

In the normal course of business, the Bank enters into contractual agreements with the Government of Ukraine and entities controlled, either directly or indirectly, or significantly influenced by the state. The Bank provides such entities with a full range of banking service including, but not limited to, lending, deposit-taking, issue of guarantees, transactions with securities, cash and settlement transactions.

Balances on transactions with state-controlled entities (directly or indirectly), or those that are significantly influenced by the state, which are significant in terms of the carrying amount, as of 30 September 2023 were as follows (unaudited):

<i>Client</i>	<i>Sector</i>	<i>Cash and cash equivalents</i>	<i>Loans and advances to customers</i>	<i>Derivative financial assets</i>	<i>Due to other banks</i>	<i>Other borrowings</i>	<i>Customer accounts</i>	<i>Guarantees issued</i>
Client 1	State entities	—	—	—	—	—	10 697 904	—
Client 2	State entities	—	—	—	—	—	9 169 122	—
Client 3	Finance	42 084 954	—	740 038	—	—	—	—
Client 4	Finance	—	—	—	322 156	—	—	—
Client 5	Finance	—	—	—	—	290 536	—	—
Client 6	Finance	—	—	—	103 295	—	—	—
Client 7	Finance	—	—	—	81 169	—	—	—
Client 8	Extractive industry	—	5 485 294	—	—	—	4 452 141	—
Client 9	Extractive industry	—	7 077 012	—	—	—	—	—
Client 10	Power engineering	—	6 985 690	—	—	—	—	—
Client 11	Power engineering	—	3 748 808	—	—	—	2 972 094	—
Client 12	Power engineering	—	—	—	—	—	—	1 408 028
Client 13	Transport and communications	—	897 372	—	—	—	4 453 395	—
Client 14	Transport and communications	—	—	—	—	—	3 603 070	—
Client 15	Road construction	—	6 650 571	—	—	—	—	—
Client 16	Mechanical engineering	—	—	—	—	—	2 983 837	—
Client 17	Mechanical engineering	—	2 005 715	—	—	—	759 319	—
Client 18	Trade	—	—	—	—	—	—	1 876 650
Client 19	Trade	—	—	—	—	—	—	1 872 229
Client 20	Professional, scientific and technical activities	—	914 110	—	—	—	—	—
Other		—	2 287 209	—	—	—	29 119 371	—

Balances on transactions with state-controlled entities (directly or indirectly), or those that are significantly influenced by the state, which are significant in terms of the carrying amount, as of 31 December 2022 were as follows:

<i>Client</i>	<i>Sector</i>	<i>Cash and cash equivalents</i>	<i>Loans and advances to customers</i>	<i>Derivative financial assets</i>	<i>Due to other banks</i>	<i>Customer accounts</i>	<i>Guarantees issued</i>
Client 1	State entities	—	—	—	—	30 215 357	—
Client 2	State entities	—	—	—	—	15 645 416	—
Client 3	Finance	19 507 835	—	2 307 813	18 468 854	—	—
Client 8	Extractive industry	—	5 481 858	—	—	2 354 906	—
Client 9	Extractive industry	—	6 721 052	—	—	—	—
Client 10	Power engineering	—	6 961 186	—	—	—	—
Client 11	Power engineering	—	3 759 120	—	—	—	—
Client 12	Power engineering	—	—	—	—	—	1 408 028
Client 15	Road construction	—	7 074 760	—	—	—	—
Client 16	Mechanical engineering	—	—	—	—	2 386 483	—
Client 17	Mechanical engineering	—	2 010 301	—	—	—	109 966
Client 19	Trade	—	—	—	—	—	2 137 608
Client 18	Trade	—	—	—	—	—	1 928 076
Client 21	Professional, scientific and technical activities	—	—	—	—	2 085 880	—
Client 20	Professional, scientific and technical activities	—	902 615	—	—	—	—
Client 13	Transport and communications	—	1 099 474	—	—	—	—
Other		—	2 719 086	—	408 603	23 260 180	—

During the nine months ended 30 September 2023, for significant transactions with entities that are controlled by the state (directly or indirectly) or that are significantly influenced by the state, the Bank recognised UAH 6,505,705 thousand (30

September 2022: UAH 3,269,800 thousand) of interest income, including for transactions with NBU deposit certificates for up to 90 days – UAH 2,934,193 thousand (30 September 2022: UAH 534,713 thousand), as well as UAH 4,494,364 thousand (30 September 2022: UAH 3,989,984 thousand) of interest expenses.

As at 30 September 2023 the Bank's investments in securities issued by the Government or entities controlled by the state (directly or indirectly), or those that are significantly influenced by the state, amounted to UAH 67,180,332 thousand (31 December 2022: UAH 62,168,561 thousand), and were as follows:

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Investment securities at fair value through profit or loss	18 137 217	26 961 581
Investment securities at fair value through other comprehensive income	27 334 593	12 540 558
Investment securities at amortised cost	18 460 777	21 777 630
Securities held for trade	3 247 745	888 792

Information on the carrying value of Ukrainian state bonds is disclosed in Note 9.

During the nine months ended 30 September 2023, the Bank recognised UAH 4,173,003 thousand (30 September 2022: UAH 2,720,760 thousand) of interest income on transactions with other investment securities UAH 573,210 thousand (30 September 2022: UAH 898,603 thousand) of interest income.

21. Capital adequacy

The Bank extensively manages its capital adequacy for protection from risks inherent in the business. The adequacy of the Bank's capital is monitored using the ratios established by the NBU and Basel Capital Accord 1988.

The primary objectives of the Bank's capital management are to ensure that the Bank complies with the externally imposed capital requirements and maintains strong credit ratings and proper capital ratios in order to support its business activities and maximise the value to the shareholder.

The Bank manages its capital structure and adjusts it accordingly to reflect changes in economic conditions and the characteristics of the risks associated with its operations.

NBU capital adequacy ratio

The National Bank of Ukraine has set the regulatory capital adequacy ratio at the level of not less than 10% and the main capital adequacy ratio at the level of not less than 7%.

Starting from October 2022, the bank's capital ratios were lower than the thresholds set by the NBU due to the formation of provisions for expected credit losses as a result of the impact of the war of the Russian Federation against Ukraine.

In accordance with Resolution of the NBU Board "On Certain Issues of Activities of Ukrainian Banks and Banking Groups" No. 23 dated 25 February 2022, no enforcement measures will be taken against banks for violations of capital ratios caused by the negative impact of the military aggression of the Russian Federation against Ukraine. In view of the above, the NBU did not apply any enforcement measures to the Bank as a result of the reduction of capital ratios below the thresholds established by the NBU.

At the same time, due to profitable activities during 2023, the Bank restored compliance with the minimum level of regulatory capital adequacy ratio N2 as of October 1, 2023.

The Bank has informed its international lenders of its inability to meet its obligations to comply with capital ratios and other financial covenants and received their consent not to impose sanctions on the Bank for breach of its obligations to comply with capital ratios and other financial covenants.

Management continues to communicate with the international lenders on this matter and expects to receive appropriate approvals by the time the Bank achieves capital restoration and compliance with regulatory standards and other financial covenants.

The Bank's capital adequacy ratio was as follows:

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Main capital	4 753 516	3 896 200
Additional capital, calculated	3 854 971	3 981 895
Additional capital, included in calculation of total capital (limited to main capital)	3 854 971	3 874 021
Total regulatory capital	8 608 487	7 770 221
Risk weighted assets	85 663 701	101 447 519
Main capital adequacy ratio	5,55%	3,84%
Regulatory capital adequacy ratio	10,05%	7,66%

Regulatory capital comprises Tier 1 capital (main capital), consisting of paid-in registered share capital, reserves less losses and part of the carrying amount of assets (non-current assets held for sale; repossessed pledged property; property, plant and equipment), which are not used by the bank in carrying out the activities specified in Article 47 of the Law of Ukraine “On Banks and Banking”, investment property and Tier 2 capital (Additional capital), consisting of asset revaluation reserve, current profit, subordinated debt and retained earnings. For regulatory capital calculation purposes, the Tier 2 capital amount is limited to 100% of Tier 1 capital.

Capital adequacy ratio under Basel Capital Accord 1988

The Bank’s capital adequacy ratio computed in accordance with the Basel Capital Accord 1988 was as follows:

	<i>30 September 2023 (unaudited)</i>	<i>31 December 2022</i>
Tier 1 capital	6 467 534	2 861 156
Tier 2 capital, calculated	3 762 876	604 416
Tier 2 capital, included in calculation of total capital	3 762 876	604 416
Total capital	10 230 410	3 465 572
Risk weighted assets	98 437 534	107 247 078
Tier 1 capital adequacy ratio	6,6%	2,7%
Total capital adequacy ratio	10,4%	3,2%