

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

Interim condensed consolidated financial statements

For three months ended March 31, 2021

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at March 31, 2021

(UAH, thousand)

	Notes	March 31, 2021 (unaudited)	December 31, 2020
Assets			
Cash and cash equivalents	4	51 302 069	49 912 943
Amounts due from credit institutions	7	434 903	370 160
Loans to customers	8	50 148 965	48 608 320
Investment securities:	9		
- at fair value through profit or loss		27 979 033	29 008 521
- at fair value through other comprehensive income		15 779 218	14 543 523
- at amortised cost		38 150 068	45 174 610
Derivative financial assets	10	715 163	108 231
Tax assets		250 331	250 331
Non-current assets held for sale		22 241	22 241
Investment property		1 143 451	1 143 451
Fixed assets		1 946 952	1 967 759
Intangible assets		50 469	51 984
Deferred tax asset		1 175 372	1 175 372
Other assets	11	536 285	537 829
Total assets		189 634 520	192 875 275
Liabilities			
Amounts due to the National Bank of Ukraine	12	15 526 850	16 008 768
Amounts due to credit institutions	13	25 204 260	26 119 028
Amounts due to customers	14	124 829 424	115 581 108
Eurobonds issued	15	8 439 011	18 537 152
Subordinated debt		4 036 185	4 341 176
Reserves for credit-related commitments	17	233 936	135 531
Other liabilities	11	1 026 564	1 803 616
Total liabilities		179 296 230	182 526 379
Equity	16		
Share capital		45 570 041	45 570 041
Revaluation reserves		206 135	525 683
Result from transactions with the shareholder		635 104	635 104
Uncovered loss		(36 280 448)	(36 589 390)
Reserve and other funds		207 458	207 458
Total equity		10 338 290	10 348 896
Total equity and liabilities		189 634 520	192 875 275

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Chairman of the Management Board

Ie.V. Metsger

Chief Accountant

N.A. Potemka

May 24, 2021

V.M. Medko 247-89-16

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS**for three months ended March 31, 2021**

(UAH, thousand)

		2021		2020	
		For the three months ended March 31	cumulative total from the beginning of the reporting year	For the three months ended March 31	cumulative total from the beginning of the reporting year
Notes		(unaudited)			
Interest income					
Interest income calculated using effective interest rate:					
- loans to customers		1 053 362	1 053 362	1 464 008	1 464 008
- investment securities at fair value through other comprehensive income		298 975	298 975	353 279	353 279
- investment securities at amortized cost		802 486	802 486	1 798	1 798
- amounts due from credit institutions		195 956	195 956	261 517	261 517
Other interest income:					
- investment securities at fair value through profit or loss		302 307	302 307	305 745	305 745
- financial leasing		77 807	77 807	109 698	109 698
		2 730 893	2 730 893	2 496 045	2 496 045
Interest expense					
Amounts due to customers		(1 036 492)	(1 036 492)	(997 940)	(997 940)
Eurobonds issued		(351 719)	(351 719)	(742 321)	(742 321)
Amounts due to credit institutions		(204 579)	(204 579)	(302 198)	(302 198)
Subordinated debt		(98 323)	(98 323)	(120 426)	(120 426)
Exposure due to the National Bank of Ukraine		(236 645)	(236 645)	(5 437)	(5 437)
Other interest expenses		(237)	(237)	(218)	(218)
		(1 927 995)	(1 927 995)	(2 168 540)	(2 168 540)
Net interest income		802 898	802 898	327 505	327 505
Net profit /(loss) from modification of financial assets measured at amortized cost					
		319	319	(68 785)	(68 785)
Net profit from derecognition of financial assets measured at amortized cost					
		—	—	147 538	147 538
Expenses for expected credit losses	6	(10 047)	(10 047)	(173 206)	(173 206)
Expenses for expected credit losses on credit-related commitments					
	6	(100 087)	(100 087)	(15)	(15)
Commission income		221 673	221 673	232 547	232 547
Commission expense		(89 535)	(89 535)	(96 801)	(96 801)
Net (loss)/profit on investment securities at fair value through profit or loss					
		(990 975)	(990 975)	2 442 330	2 442 330
Net profit/(loss) on investment securities at fair value through other comprehensive income reclassified from report on comprehensive income at redemption					
		5 339	5 339	(18 449)	(18 449)
Net profit (loss) from transactions with foreign currencies:					
- dealing		114 536	114 536	29 795	29 795
- foreign exchange differences		347 311	347 311	(4 307 646)	(4 307 646)
Net profit / (loss) from transactions with derivative financial instruments:					
- trade transactions		(23 961)	(23 961)	—	—
- revaluation		608 055	608 055	—	—
Net profit/ (loss) from transactions with precious metals:					
- dealing		249	249	(58)	(58)
- revaluation		(860)	(860)	3 093	3 093
Other income		34 015	34 015	25 361	25 361
Personnel expenses	18	(432 806)	(432 806)	(353 202)	(353 202)
Depreciation and amortization		(29 139)	(29 139)	(27 393)	(27 393)
Other operating expenses	18	(152 973)	(152 973)	(237 989)	(237 989)
Profit / (loss) before tax		304 012	304 012	(2 075 375)	(2 075 375)
Income tax expense					
		—	—	—	—
Profit/ (loss) for the period		304 012	304 012	(2 075 375)	(2 075 375)

Authorised for release and signed**Chairman of the Management Board****Ie.V. Metsger****Chief Accountant****N.A. Potemka**

May 24, 2021

V.M. Medko 247-89-16

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for three months ended March 31, 2021

(UAH, thousand)

	2021		2020	
	For three months ended March 31	cumulative total from the beginning of the reporting year	For three months ended March 31	cumulative total from the beginning of the reporting year
	<i>(unaudited)</i>			
Profit/ (loss) for the period	304 012	304 012	(2 075 375)	(2 075 375)
Other comprehensive loss				
Other comprehensive loss to be reclassified to the consolidated statement of profit and loss in subsequent periods				
Net losses on investment securities at fair value through other comprehensive income	(314 618)	(314 618)	(2 317 627)	(2 317 627)
Income tax related to components of other comprehensive income	—	—	—	—
Other comprehensive loss for the period	(314 618)	(314 618)	(2 317 627)	(2 317 627)
Total comprehensive loss for the period	(10 606)	(10 606)	(4 393 002)	(4 393 002)

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Chairman of the Management Board

Ie.V. Metsger Ie.V. Metsger

Chief Accountant

N.A. Potemka

May 24, 2021

V.M. Medko 247-89-16

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for three months ended March 31, 2021

(UAH, thousand)

	<i>Share capital</i>	<i>Revaluation reserves</i>	<i>Result from transactions with the shareholder</i>	<i>Uncovered loss</i>	<i>Reserve and other funds</i>	<i>Total equity</i>
As at January 1, 2020	38 730 042	337 779	635 104	(30 948 626)	162 926	8 917 225
Loss for the period	—	—	—	(2 075 375)	—	(2 075 375)
Other comprehensive loss for the period (Note 16)	—	(2 317 627)	—	—	—	(2 317 627)
Total comprehensive loss for the period	—	(2 317 627)	—	(2 075 375)	—	(4 393 002)
Depreciation of revaluation reserves, net of tax (Note 16)	—	(3 310)	—	3 310	—	—
As at March 31, 2020 (unaudited)	38 730 042	(1 983 158)	635 104	(33 020 691)	162 926	4 524 223
As at January 1, 2021	45 570 041	525 683	635 104	(36 589 390)	207 458	10 348 896
Profit for the period	—	—	—	304 012	—	304 012
Other cumulative loss for the period (Note 16)	—	(314 618)	—	—	—	(314 618)
Other total loss for the period	—	(314 618)	—	304 012	—	(10 606)
Depreciation of revaluation reserves, net of tax (Note 16)	—	(4 930)	—	4 930	—	—
As at March 31, 2021 (unaudited)	45 570 041	206 135	635 104	(36 280 448)	207 458	10 338 290

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Ie.V. Metsger Ie.V. Metsger

Chief Accountant

N.A. Potemska

May 24, 2021

Medko V.M. 247-89-16

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (direct method)

for three months ended March 31, 2021

(UAH, thousand)

	Notes	For the period ended March 31	
		2021	2020
		(unaudited)	
Cash flows from operating activities			
Interest received		2 802 407	2 670 698
Interest paid		(2 207 582)	(2 457 254)
Commissions received		221 878	233 174
Commissions paid		(89 535)	(96 801)
Result from dealing in foreign currencies and precious metals		114 785	29 737
Result from transactions with derivative financial instruments		(23 961)	—
Personnel expenses		(310 351)	(382 922)
Other operating income received		33 662	25 268
Other operating and administrative expenses paid		(178 758)	(217 143)
Cash flow from operating activities before changes in operating assets and liabilities		362 545	(195 243)
<i>Net (increase)/ decrease in operating assets:</i>			
Amounts due from credit institutions		(87 853)	(40 259)
Loans to customers		(2 668 129)	2 013 784
Other assets		15 950	78 292
<i>Net increase / (decrease) in operating liabilities</i>			
Amounts due to credit institutions		(776 887)	529 431
Amounts due to the National Bank of Ukraine		(481 911)	—
Amounts due to customers		10 933 696	1 241 497
Other liabilities		(883 562)	50 983
Net cash flows from operating activities before income tax		6 413 849	3 678 485
Income tax paid		—	(13)
Net cash flows from operating activities		6 413 849	3 678 472
Cash flows from investing activities			
Proceeds from sale and redemption of investment securities		16 551 780	6 178 600
Purchase of investment securities		(11 400 717)	(1 650 619)
Purchase of fixed assets and intangible assets		(6 393)	(50 699)
Net cash flows from investing activities		5 144 670	4 477 282
Cash flows from financing activities			
Lease payments	5	(890)	(1 454)
Repayment of Eurobonds issued	5	(9 473 372)	—
Repayment of subordinated debt	5	(290 505)	(1 549 744)
Proceeds from borrowings from credit institutions	5	873 681	—
Repayment of borrowings from credit institutions	5	(406 384)	(2 456 107)
Net cash flows from financing activities		(9 297 470)	(4 007 305)
Effect of exchange rates changes on cash and cash equivalents		(881 066)	4 701 604
Effect of expected credit losses on cash and cash equivalents		9 143	5 801
Net change in cash and cash equivalents		1 389 126	8 855 854
Cash and cash equivalents, 1 January	4	49 912 943	33 469 935
Cash and cash equivalents as at March 31	4	51 302 069	42 325 789

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Chairman of the Management Board

Ie.V. Metsger

Chief Accountant

N.A. Potemaska

May 24, 2021

V.M. Medko 247-89-16

(UAH thousand, unless otherwise stated)

1. Principal activities

Joint Stock Company «The State Export-Import Bank of Ukraine» (hereinafter – “Ukreximbank” or the Bank) was founded in 1992. Ukreximbank operates under banking licence No. 2 dated August 7, 2019.

As at March 31, 2021 and December 31, 2020, 100% of Ukreximbank’s share capital are owned by the State represented by the Cabinet Ministers of Ukraine.

Ukreximbank’s head office is located in Kyiv at 127 Antonovycha Str. It has 22 branches and 36 sub-branches (December 31, 2020: 22 branches and 38 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 cash and settlements, and renders other banking services to its customers.

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 separate interim condensed financial statements and interim condensed consolidated financial statements that comprise the consolidated performance indicators of Ukreximbank and its subsidiaries “Lease Company “Ukreximleasing” and “Eximleasing” LLC (hereinafter collectively referred to as the “Bank”).

“Lease Company “Ukreximleasing”, UkrEximBank’s 100% owned subsidiary, was founded in 1997 and is registered and operates in Ukraine in the trading and leasing business.

“Eximleasing” LLC, Ukreximbank’s 100% owned subsidiary, was founded in 2006 and registered in Ukraine, and operates in the trading and leasing business.

2. Basis of preparation of financial statements and summary of accounting policies

Basis of preparation of financial statements

These interim condensed consolidated financial statements for the three months ended March 31, 2021, 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 2020, which have been prepared in accordance with IFRS.

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

(UAH thousand, unless otherwise stated)

Operating environment

The Ukrainian economy is open, non-diversified and deemed to be of market status with certain characteristics of an emerging market, and it has critical dependence on world commodity prices and low liquidity in the international capital market. Under such circumstances, high risks not typical of mature markets are inherent in banking in Ukraine.

Further growth of the Ukrainian economy depends on foreign market conditions, proceeds from international financial assistance, coordinated policy and decisions of the President, Government, the NBU and the Verkhovna Rada to overcome the pandemic and the effects of the global economic crisis, in particular regarding control over the spread of the COVID-19 pandemic, public health, support of macroeconomic stability and preserving jobs, pursuing the necessary reforms, maintenance of social and political stability and development of the situation in the east of the country.

After recovery during 2016-2019, in 2020 and the first quarter of 2021 Ukraine's economy was negatively affected by the global economic crisis burdened by the COVID-19 pandemic. The rapid spread of the pandemic in 2020 and the first quarter of 2021 has prompted governments in many countries, including Ukraine, to introduce various measures to combat the outbreak, including travel restrictions, business closures, lockdown, quarantine, and others. These measures have affected global supply logistics, demand for goods and services, as well as the scale of business activity, which, despite the beginning of large-scale vaccination, continues to negatively affect the dynamics of financial and commodity markets.

In general, during the first quarter of 2021, the price dynamics for traditional Ukrainian exports was moderately increasing. The advance fall in prices for energy resources compared to the products of the metallurgical industry and agro-industrial complex, exported from Ukraine against the tendency to the reduction of imports of goods and services led to a reduction in the foreign trade deficit and a positive current account balance.

In February 2021, the current account surplus remained (USD 0.5 billion) due to return of growth in exports of goods (13.2% yoy). At the same time, the growth of imports accelerated (up to 5% yoy). The financial account maintained the outflow of capital (USD 0.5 billion) generated by the private sector. At the same time, the public sector, despite a certain decrease, maintained the inflow of capital provided by the interest of non-residents in government debt securities (UAH 0.5 billion in January-February 2021). As of March 31, 2021, the official exchange rate of the national currency was 27.89 hryvnias per 1 US dollar (as of March 31, 2020 - 28.06 hryvnias per 1 US dollar). As of April 1, 2021, the gross international reserves of the NBU exceeded USD 27 billion (as of January 1, 2021 – USD 29 billion).

Crisis in the world economy and the introduction of quarantine measures to combat coronavirus infection negatively affected the economy of Ukraine in the first quarter of current year.

During February-March 2021, there was a recovery of economic activity and consumer demand after the January lockdown. Thus, the index of industrial production increased to 2.4% yoy. The return to trade enterprises full operation, the implementation of deferred demand and the improvement of consumer sentiment against the further increase in wages led to an acceleration in the growth of retail trade (up to 13.1% yoy). However, this could not compensate for the deterioration of other activities. In particular, the decline deepened in agriculture (to 4.8% yoy) and construction (to 11.6% yoy). According to preliminary data, the decline in real GDP of Ukraine in January-February 2021 is estimated at 2.8%.

In the first quarter of 2021, despite the introduction of the marginal price for natural gas, inflation accelerated due to higher prices for certain food products and fuel. According to the State Statistics Service, consumer inflation in March of the current year was 8.5% yoy (4.1% since the beginning of 2021). Given the significant increase in fundamental inflation pressure during the first quarter of 2021, as well as the balance of risks of accelerating global inflation, volatility in global capital markets, deteriorating trade conditions, escalation of military conflict in the east and its borders, from March 5, 2021 the NBU has increased the discount rate to 6.5%. At the same time, the key interest rate was below its neutral level.

The crisis in the real sector, burdened by quarantine measures, had a negative impact on production volumes, capital investment and employment. This worsened the financial condition of a large part of enterprises and households, increased the risks of asset-side transactions. Under such conditions, banking institutions directed its available liquidity mainly to low-risk instruments (NBU deposit certificates, government securities) and sectoral support of the economy using Government guarantees and refinancing from the NBU.

Long-time excess of expenditures over income and reduction of household savings, falling corporate incomes, the actual lack of opportunities for external borrowing - significantly limit the Bank's funding opportunities in Ukraine and foreign capital markets.

(UAH thousand, unless otherwise stated)

In December 2020, the Government and the NBU introduced a number of support measures to counter the economic downturn caused by the COVID-19 pandemic. These measures include, but are not limited to, subsidized lending to affected industries and households, loan restructuring without deteriorating the borrower's class, credit vacations, easing of certain regulatory measures to help the financial sector maintain its resource capacity and to help customers avoid liquidity shortage due to COVID-19 containment measures.

Additionally, in order to stimulate the economy, the National Bank of Ukraine introduced an interest rate swap, which allows banks to provide long-term financing. The NBU's rather soft monetary policy was accompanied by a stable exchange rate and a slight increase in inflation. The Ministry of Finance conducts successful auctions to place IGLBs, gradually increasing the terms of IGLBs circulation.

The Bank continues to assess the impact of the pandemic and changes in micro- and macroeconomic conditions on operating activities, economic condition and financial results. Depending on the receipt of such information, the Bank promptly reviews the assessments of future cash flows and takes the necessary measures to maintain the stability of its activities. At the same time, in 2020 the Bank started the process of large-scale transformation of business and operational models, developed and approved a new development strategy for 2021-2024. Measures taken to modify and improve processes, new management staff have offset the impact of the COVID-19 pandemic on most of the Bank's economic performance indicators – there is no negative trend in most profit and loss items. The impact of the pandemic on the Bank's credit risk was analysed separately.

Changes in 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 2020, except for the adoption of the new Standards below effective as at 1 January 2021. The nature and the effect of these changes are provided below.

“Base interest rate reform - stage 2”: amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

In August 2020, the IFRS Board issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Base Interest Rate Reform - State 2”, which considers accounting issues arising in connection with the replacement of the IBOR rate with risk-free interest rates.

These amendments provide for some exemptions and additional disclosures. Exemptions apply when a risk-free rate is applied to a financial instrument instead of an IBOR rate.

As a practical simplification, a change in the basis for determining the contractual cash flows as a result of the base interest rate reform should be considered as a change in the floating interest rate, provided that during transfer from IBOR rate to risk free rate the new basis for determining the contractual cash flows is economically equivalent to the former. basis.

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

Future changes in accounting policies

The following are new standards, amendments and explanations that have been issued but are not yet valid as of the date of publication of the Bank's consolidated financial statements. The Bank plans to apply these new standards, amendments and explanations upon their entry into force.

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 the recognition and assessment, submission and disclosure of information. When IFRS 17 comes into force, it will replace IFRS 4 “Insurance Contracts”, which was issued in 2005. IFRS 17 introduces new accounting requirements for banking products with the characteristics of insurance contracts, which may affect which instruments or their components will fall within the scope of IFRS 9 or IFRS 17.

Credit cards and similar products that provide insurance coverage: most issuers of such products will be able to continue to apply the existing accounting procedure and account them as financial instruments in accordance with IFRS 9. IFRS 17 excludes from its scope the credit card agreements (or similar agreements that establish loan agreements or payment service agreements) that meet the definition of an insurance contract, if and only if the organization does not reflect the assessment of insurance risk associated with an individual client, when determining the price of the contract with this customer

(UAH thousand, unless otherwise stated)

When insurance coverage is provided under the contractual terms of the credit card, the issuer shall:

- ▶ separate the component of insurance coverage and apply IFRS 17 to it;
- ▶ apply other standards (for example, IFRS 9, IFRS 15 or IAS 37) to other components.

Loan agreements that meet the definition of an insurance contract but limit the compensation amount for insured events with the amount that would otherwise be required to settle the policyholder's obligation under the agreement: issuers of such loans (for example, loans that exempt from repayment in the event of the borrower's death) have the option to apply IFRS 9 or IFRS 17. Such a decision is made at the portfolio level and is not subject to revision.

IFRS 17 is effective in terms of statements for the period starting from January 1, 2023 and after this date requiring the disclosure of comparative information. It may be applied before the above date provided that the entity also applies IFRS 9 and IFRS 15 at the date of first application.

The Bank is currently assessing the impact of application of IFRS 17 on its consolidated financial statements.

IFRS 9 "Financial Instruments" - Commission Fees for "10% Test" for De-recognition of Financial Liabilities"

As part of the annual IFRS improvement process for the period 2018-2020, the IFRS Board has issued an amendment to IFRS 9. The amendment specifies the composition of the commission fee that the entity considers when assessing whether conditions for a new or modified financial liability are significantly different from the terms of the original financial liability.

Such amounts include only those commission fees that have been paid or received between the lender and the borrower, including commission fees paid or received by the lender or borrower on behalf of the other party. An entity shall apply this amendment to financial liabilities that have been modified or replaced at the date of beginning (or after) of the annual reporting period in which the entity first applies the amendment.

This amendment shall enter into force for annual reporting periods starting on or after 1 January 2022. Application is allowed before this date. The Bank shall apply this amendment to financial liabilities that have been modified or replaced at the date (or after) of the annual reporting period in which it first applies the amendment. This amendment is not expected to have a material impact on the Bank's consolidated financial statements.

(UAH thousand, unless otherwise stated)

3. Segment information

For management purposes, the Bank recognises the following operating segments (business units):

Corporate banking	Business unit that focuses on corporate customers and on selling the products that require an individual approach and are mainly offered to corporate clients.
Small and medium business	Business unit aimed at servicing small and medium business customers (including individual entrepreneurs) and the sale of products provided mainly in a standardized form (according to approved tariffs and standard procedures).
Retail banking	Business unit that focuses on servicing individuals (except individual entrepreneurs) on the full list of products, and selling products that are 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 unit 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 units performance, as explained in the table below, is measured taking into account income and expenses from other business units.

Unallocated amounts include:

- ▶ income tax receivables and payables, the share of unallocated 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 (except for the portion of the open currency position allocated by the Bank for carrying out operations 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.

For the purposes of segment reporting interest is split on the basis of uniform transfer rates set by the Assets and Liabilities Committee based on the borrowing rate of the Bank.

During the three months ended March 31, 2021, the Bank had income from transactions with single external client, which amounted to more than 10% of the Bank's total income, namely: UAH 901,603 thousand (March 31, 2020: UAH 642,651 thousand). Income from transactions with this external client are reflected in "Interbank and investment business" segment.

Analysis of the Bank's income from banking products and services is presented in the interim condensed consolidated profit and loss statement in the items "Interest income" and "Interest expenses"

The table below provides information on income and expenses, profit and loss, as well as certain assets and liabilities of the Bank's operating segments for the three months ended March 31, 2021.

March 31, 2021 (unaudited)	Corporate banking	Medium-Sized and Small banking	Retail banking	Interbank and investments business	Unallocated	Total
External clients						
Interest income	1 045 578	75 717	9 874	1 599 724	—	2 730 893
Commission income	92 284	47 012	68 102	14 275	—	221 673
Other income	23 504	1 497	2 563	1 405	5 046	34 015
Net gains from modification of financial assets measured at amortized cost	317	2	—	—	—	319
Reversal of expenses for expected credit losses	—	17 673	—	22 840	233	40 746
Reversal of expenses for expected credit losses on credit-related commitments	—	6 495	—	—	—	6 495
Net gains on investment securities at fair value through other comprehensive income reclassified from other comprehensive income at redemption	—	—	—	5 339	—	5 339
Net gains from foreign currencies	47 247	14 920	2 805	74 929	321 946	461 847

(UAH thousand, unless otherwise stated)

March 31, 2021 (unaudited)	Corporate banking	Medium-Sized and Small banking	Retail banking	Interbank and investments business	Unallocated	Total
Net gains from precious metals	–	–	124	225	–	349
Net gains from derivatives	–	–	–	584 094	–	584 094
Income from other segments	1 238 845	294 767	417 286	1 001 832	(2 952 730)	–
Total income	2 447 775	458 083	500 754	3 304 663	(2 625 505)	4 085 770
Interest expense	(625 408)	(163 437)	(240 571)	(898 335)	(244)	(1 927 995)
Commission expense	(13 845)	(10 631)	(32 701)	(22 165)	(10 193)	(89 535)
Expenses for expected credit losses	(49 886)	–	(907)	–	–	(50 793)
Expenses for expected credit losses on credit-related commitments	(106 119)	–	(430)	(33)	–	(106 582)
Net losses on investment securities at fair value through other comprehensive income reclassified from other comprehensive income at redemption	–	–	–	–	(990 975)	(990 975)
Net losses from precious metals	–	–	–	–	(960)	(960)
Personnel expenses	(105 976)	(102 384)	(99 030)	(29 099)	(96 317)	(432 806)
Depreciation and amortisation	(6 191)	(7 808)	(9 032)	(1 021)	(5 087)	(29 139)
Other operating expenses	(28 609)	(19 021)	(83 734)	(5 056)	(16 553)	(152 973)
Expenses from other segments	(1 177 113)	(54 121)	(8 833)	(1 442 787)	2 682 854	–
Segment results	334 628	100 681	25 516	906 167	(1 062 980)	304 012
Profit for the period						304 012
Assets and liabilities as at March 31, 2021 (unaudited)						
Segment assets	49 251 728	3 206 478	2 477 198	132 669 168		187 604 572
Unallocated assets					2 029 948	2 029 948
Total assets						189 634 520
Segment liabilities	74 837 654	19 446 826	29 184 284	55 269 291		178 738 055
Unallocated liabilities					558 175	558 175
Total liabilities						179 296 230
Other segment information						
Capital expenditure	(1 234)	(1 564)	(3 551)	(206)	(1 027)	(7 582)

The following table presents income and expenses as well as profit and loss for the three months ended 31 March 2021, and specific assets and liabilities of the Bank's operating segments as at 31 December 2020:

	Corporate banking	Medium-Sized and Small banking	Retail banking	Interbank and investments business	Unallocated	Total
External clients						
Interest income	1 472 811	88 524	12 371	922 339	–	2 496 045
Commission income	103 513	51 625	67 417	9 992	–	232 547
Other income	11 282	3 009	4 647	1 064	5 359	25 361
Net gains from modification of financial assets measured at amortized cost	–	–	–	–	1	1
Net gains from derecognition of financial assets at amortized cost	147 538	–	–	–	–	147 538
Reversal of expenses for expected credit losses	–	–	–	10 073	–	10 073
Reversal of expenses for expected credit losses on credit-related commitments	–	703	–	15	–	718
Net income from investment securities at fair value through profit or loss	–	–	–	–	2 442 330	2 442 330
Net gains from foreign currencies	37 960	17 034	30 222	99 529	–	184 745
Net gains from precious metals	1	–	–	144	2 948	3 093
Income from other segments	585 593	209 884	574 835	1 219 469	(2 589 781)	–
Total income	2 358 698	370 779	689 492	2 262 625	(139 143)	5 542 451
Interest expense	(431 744)	(150 012)	(403 042)	(1 183 700)	(42)	(2 168 540)
Commission expense	(37 248)	(14 324)	(42 223)	(2 805)	(201)	(96 801)
Net losses on modification of financial assets measured at amortised cost	(68 363)	(89)	(334)	–	–	(68 786)
Expenses for expected credit losses	(155 139)	(23 180)	(4 717)	–	(243)	(183 279)
Expenses for expected credit losses on credit-related commitments	(520)	–	(213)	–	–	(733)

(UAH thousand, unless otherwise stated)

	Corporate banking	Medium-Sized and Small banking	Retail banking	Interbank and investments business	Unallocated	Total
Net losses on investment securities at fair value through other comprehensive income reclassified from other comprehensive income at redemption	—	—	—	—	(18 449)	(18 449)
Net losses from foreign currencies	—	—	—	—	(4 462 596)	(4 462 596)
Net losses from precious metals	—	—	(58)	—	—	(58)
Personnel expenses	(115 835)	(79 076)	(76 305)	(19 648)	(62 338)	(353 202)
Depreciation and amortisation	(8 420)	(7 341)	(8 367)	(945)	(2 320)	(27 393)
Other operating expenses	(69 167)	(23 965)	(95 330)	(5 688)	(43 839)	(237 989)
Expenses from other segments	(1 558 895)	(76 298)	(16 369)	(879 546)	2 531 108	—
Segment results	(86 633)	(3 506)	42 534	170 293	(2 198 063)	(2 075 375)
Loss for the period						(2 075 375)
Assets and liabilities as at 31 December 2020						
Segment assets	48 239 946	2 851 180	2 487 267	137 409 992		190 988 385
Unallocated assets					1 886 890	1 886 890
Total assets						192 875 275
Segment liabilities	66 996 102	14 286 357	29 330 010	70 398 190		181 010 659
Unallocated liabilities					1 515 720	1 515 720
Total liabilities						182 526 379
Other segment information						
Capital expenditure	(12 746)	(11 154)	(11 458)	(1 443)	(3 538)	(40 339)

Geographical information

Most revenues and capital expenditure relates to Ukraine. The Bank has no significant revenue from other countries.

4. Cash and cash equivalents

Cash and cash equivalents comprise:

	31 March 2021 (unaudited)	31 December 2020
Current accounts with other credit institutions	19 891 502	21 388 135
Deposits certificates of the National Bank of Ukraine up to 90 days	14 014 958	12 003 359
Term deposits with other credit institutions up to 90 days	7 674 057	5 937 862
Current account with the National Bank of Ukraine	6 743 584	2 484 114
Overnight deposits with other credit institutions	1 458 209	6 482 160
Cash on hand	1 536 359	1 643 540
	51 318 669	49 939 170
Less: allowance for expected credit losses	(16 600)	(26 227)
Cash and cash equivalents	51 302 069	49 912 943

5. Changes in liabilities in financial activities

Changes in liabilities in financial activities were as follows:

	Borrowings from credit institutions	Eurobonds issued	Subordinated debt	Lease liabilities	Total
Carrying amount					
at 31 December 2020	24 571 842	18 537 152	4 341 176	7 291	47 457 461
Additions	873 681	—	—	—	873 681
Repayments	(406 384)	(9 473 372)	(290 505)	(890)	(10 171 151)
Translation differences	(714 172)	(140 815)	(59 869)	—	(914 856)
Other	110 032	(483 954)	45 383	421	(328 118)
Carrying amount					
At 31 March 2021 (unaudited)	24 434 999	8 439 011	4 036 185	6 822	36 917 017

(UAH thousand, unless otherwise stated)

	<i>Borrowings from credit institutions</i>	<i>Eurobonds issued</i>	<i>Subordinated debt</i>	<i>Lease liabilities</i>	<i>Total</i>
Carrying amount at 31 December					
2019	21 031 227	26 553 076	5 429 914	6 006	53 020 223
Repayments	(2 456 107)	-	(1 549 744)	(1 454)	(4 007 305)
Translation differences	3 486 436	4 058 674	789 893	-	8 335 003
Other	111 471	(301 267)	(19 789)	(7)	(209 592)
Carrying amount					
At 31 March 2020 (unaudited)	22 173 027	30 310 483	4 650 274	4 545	57 138 329

“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.

6. Expenses for expected credit losses

The following tables present the expenses for expected credit losses recognised in profit or 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 the three months ended							
31 March 2021 (unaudited)							
Cash and cash equivalents	(9 146)	-	-	-	-	-	(9 146)
Amounts due from credit institutions	(90)	-	-	-	8 621	-	8 531
Loans to customers	111 488	(58 728)	(282 946)	(71 703)	(36 726)	371 016	32 401
Investment securities at fair value through other comprehensive income	(71)	-	(7 700)	-	-	-	(7 771)
Investment securities at amortized cost	(14 397)	-	-	-	-	-	(14 397)
Other financial assets	429	-	-	-	-	-	429
	88 213	(58 728)	(290 646)	(71 703)	(28 105)	371 016	10 047

	<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 the three months ended							
31 March 2020 (unaudited)							
Cash and cash equivalents	(5 359)	-	-	-	-	-	(5 359)
Amounts due from credit institutions	407	-	-	-	-	-	407
Loans to customers	55 505	(2 343)	70 156	86 480	10 282	(38 842)	181 238
Investment securities at fair value through other comprehensive income	(5 954)	-	-	-	-	-	(5 954)
Investment securities at amortized cost	1 475	-	-	-	-	-	1 475
Other financial assets	1 399	-	-	-	-	-	1 399
	47 473	(2 343)	70 156	86 480	10 282	(38 842)	173 206

Expenses on expected credit losses on POCI recognized in profit or loss for the period ended March 31, 2021, include the amount of adjustment of the gross book value of POCI in the amount of UAH 13,885 thousand. (for the period ended March 31, 2020: UAH 55,083 thousand).

The following tables present the expenses on expected credit losses on credit-related commitments recognized in profit or loss.

	<i>Stage 1 Collective</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Collective</i>	<i>Total</i>
For the three months ended				
31 March 2021 (unaudited)				
Guarantees	6	-	-	6
Credit-related commitments	110 125	(3 520)	(2 582)	104 023
Letters of credit	(3 952)	-	-	(3 952)
Avals on promissory notes	10	-	-	10
	106 189	(3 520)	(2 582)	100 087

(UAH thousand, unless otherwise stated)

For the three months ended 31 March 2021 (unaudited)	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
Guarantees	(181)	(2)	—	(183)
Credit-related commitments	(5 155)	5 423	(91)	177
Letters of credit	20	—	—	20
Avals on promissory notes	1	—	—	1
	<u>(5 315)</u>	<u>5 421</u>	<u>(91)</u>	<u>15</u>

7. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	31 March 2021 (unaudited)	31 December 2020
Loans and deposits		
Ukrainian banks	775 961	781 906
OECD banks	204 425	207 279
CIS and other banks	133 246	54 217
	<u>1 113 632</u>	<u>1 043 402</u>
Amounts due from other credit institutions		
Current accounts with other credit institutions in precious metals	38 785	38 551
Other amounts due from credit institutions	76 461	74 466
	<u>1 228 878</u>	<u>1 156 419</u>
Less: Allowance for impairment	(793 975)	(786 259)
Amounts due from credit institutions	<u>434 903</u>	<u>370 160</u>

As at 31 March 2021, amounts due from credit institutions are designated at amortised cost, except for current accounts in precious metals in the amount of UAH 38,773 thousand (31 December 2020: UAH 38,539 thousand) at fair value through profit or loss (31 December 2018: at fair value through profit or loss).

The following tables show the analysis of changes in the corresponding ECL on amounts due from credit institutions:

	Stage 1 Collective	Stage 3 Collective	Stage 3 Individual	Total
Gross carrying amount at 1 January 2021	3 194	74 466	708 599	786 259
New assets originated or purchased	11 030	—	—	11 030
Assets derecognized/(repaid)	(10 825)	—	—	(10 825)
Change in carrying amount	(295)	—	8 621	8 326
Translation differences	(146)	(16)	(653)	(815)
Gross carrying amount at 31 March 2021 (unaudited)	2 958	74 450	716 567	793 975
	Stage 1 Collective	Stage 3 Collective	Stage 3 Individual	Total
Gross carrying amount at 1 January 2020	4 543	74 390	743 757	822 690
New assets originated or purchased	2 017	—	—	2 017
Assets derecognized/(repaid)	(521)	—	—	(521)
Change in carrying amount	(1 089)	—	—	(1 089)
Translation differences	1 384	48	7 341	8 773
Gross carrying amount at 31 March 2020 (unaudited)	6 334	74 438	751 098	831 0

(UAH thousand, unless otherwise stated)

8. Loans to customers

Loans to customers comprise:

	31 March 2021 (unaudited)	31 December 2020
Commercial loans	93 727 412	93 140 279
Finance lease receivables	1 909 016	2 021 575
Overdrafts	949 649	817 906
Promissory notes	10 087	13 900
	<u>96 596 164</u>	<u>95 993 660</u>
Less: Allowance for impairment	<u>(46 447 199)</u>	<u>(47 385 340)</u>
Loans to customers	<u>50 148 965</u>	<u>48 608 320</u>

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

	31 March 2021 (unaudited)	31 December 2020
Legal entities	75 776 839	76 673 788
State entities	18 842 241	16 755 513
Individuals	1 543 635	2 164 120
Municipal and utility entities	433 449	400 239
	<u>96 596 164</u>	<u>95 993 660</u>

Commercial loans

The following tables show the analysis of changes in the gross carrying amount and the corresponding allowances for commercial loans:

	Stage 1 Collective	Stage 2 Collective	Stage 2 Individual	Stage 3 Collective	Stage 3 Individual	POCI	Total
Резерв на 1 січня 2021 року	401 617	259 656	1 162 764	2 900 370	39 010 766	3 555 997	47 291 170
New assets originated or purchased	124 301	—	—	—	—	—	124 301
Assets derecognized/(repaid)	(1 198)	(52 973)	—	(15 772)	—	—	(69 943)
Transfer to Stage 1	348	(348)	—	—	—	—	—
Transfer to Stage 2	(62 468)	59 802	2 951	(285)	—	—	—
Transfer to Stage 3	(13 941)	(4 278)	—	18 219	—	—	—
Interest income adjustment	—	—	—	24 489	371 610	121 316	517 415
Written off assets	—	—	—	(585 234)	—	—	(585 234)
Recoveries	—	—	—	1 896	31 660	—	33 556
Changes in allowance	(16 195)	(5 626)	(282 946)	(55 366)	(36 780)	384 901	(12 012)
Translation differences	(10 628)	(11 207)	(33 119)	(48 882)	(845 534)	(728)	(950 098)
Allowance at 31 March 2021 (unaudited)	<u>421 836</u>	<u>245 026</u>	<u>849 650</u>	<u>2 239 435</u>	<u>38 531 722</u>	<u>4 061 486</u>	<u>46 349 155</u>

	Stage 1 Collective	Stage 2 Collective	Stage 2 Individual	Stage 3 Collective	Stage 3 Individual	POCI	Total
Allowance at 1 January 2020	389 088	50 542	173 965	6 049 750	44 090 129	2 333 605	53 087 079
New assets originated or purchased	22 283	—	—	—	—	—	22 283
Assets derecognized/(repaid)	(18 559)	(63)	—	(1 087)	—	—	(19 709)
Transfer to Stage 1	1 098	(1 098)	—	—	—	—	—
Transfer to Stage 2	(9 534)	3 393	6 198	(57)	—	—	—
Transfer to Stage 3	(902)	(3 525)	(96 535)	(274 060)	375 022	—	—
Transfer to POCI	—	—	—	—	(524 795)	—	(524 795)
Interest income adjustment	—	—	—	56 172	280 671	271 159	608 002
Recoveries	—	—	—	2 360	18 319	—	20 679
Changes in allowance	55 722	(2 508)	70 162	87 567	10 282	16 241	237 466
Translation differences	48 791	5 212	10 255	529 955	6 633 784	4 499	7 232 496
Allowance at 31 March 2020 (unaudited)	<u>487 987</u>	<u>51 953</u>	<u>164 045</u>	<u>6 450 600</u>	<u>50 883 412</u>	<u>2 625 504</u>	<u>60 663 501</u>

(UAH thousand, unless otherwise stated)

Overdrafts

The following tables show the analysis of changes in the overdrafts:

	<i>Stage 1 Collective</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Collective</i>	<i>Total</i>
Gross carrying amount at 1 January 2021	26 759	1 788	565	29 112
New assets originated or purchased	2 735	—	—	2 735
Assets derecognized/(repaid)	(3 218)	(10)	(605)	(3 833)
Transfer to Stage 2	(5)	5	—	—
Changes in allowance	1 290	(119)	40	1 211
Translation differences	(66)	—	—	(66)
Allowance at 31 March 2021 (unaudited)	27 495	1 664	—	29 159

	<i>Stage 1 Collective</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Collective</i>	<i>Total</i>
Gross carrying amount at 1 January 2020	15 896	173	372	16 441
New assets originated or purchased	1 814	—	—	1 814
Assets derecognized/(repaid)	(5 311)	—	—	(5 311)
Transfer to Stage 2	(83)	83	—	—
Changes in allowance	(2)	228	—	226
Translation differences	116	—	—	116
Allowance at 31 March 2021 (unaudited)	12 430	484	372	13 286

Finance lease receivables

The following tables show the analysis of changes in the corresponding ECL on finance lease receivables:

	<i>Stage 1 Collective</i>	<i>Stage 3 Individual</i>	<i>Total</i>
Gross carrying amount at 1 January 2021	60 240	4 700	64 940
Assets derecognized/(repaid)	(2 896)	—	(2 896)
Change in carrying amount	6 702	54	6 756
Gross carrying amount at 31 March 2021 (unaudited)	64 046	4 754	68 800

	<i>Stage 1 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Individual</i>	<i>Total</i>
Gross carrying amount at 1 January 2020	32 497	125	4 645	37 267
Assets derecognized/(repaid)	(384)	—	—	(384)
Change in carrying amount	(8)	(6)	—	(14)
Gross carrying amount at 31 March 2020 (unaudited)	32 105	119	4 645	36 869

Promissory notes

The following tables show the analysis of changes in the gross carrying amount and the corresponding provisions for promissory notes:

	<i>Stage 1 Collective</i>
Gross carrying amount at 1 January 2021	118
New assets originated or purchased	138
Assets derecognized/(repaid)	(173)
Change in carrying amount	2
Gross carrying amount at 31 March 2021 (unaudited)	85

(UAH thousand, unless otherwise stated)

	<i>Stage 1 Collective</i>
Gross carrying amount at 1 January 2020	438
New assets originated or purchased	401
Assets derecognized/(repaid)	(464)
Change in carrying amount	13
Gross carrying amount at 31 March 2020 (unaudited)	388

The Bank derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, 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.

Due to the negative impact of quarantine restrictions related to the coronavirus pandemic (COVID-19), the Bank is taking measures to support the Bank's customers affected by the pandemic, in particular, debt restructuring, namely: postponement of principal payments and / or the amount of accrued interest. The Bank currently uses short-term restructuring instruments on terms that do not lead to significant modification of assets.

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

	<i>For the period ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>(unaudited)</i>	
Loans to customers modified during the period		
Amortised cost before modification	5 257 831	4 216 825
Net modification income/(losses)	319	(68 785)

Impact of the pandemic

The Government and the National Bank of Ukraine are taking measures to counter the economic downturn caused by the COVID-19 pandemic, including through the introduction of special lending programs. In particular, in 2020, changes were introduced to the program of financial state support for micro and small businesses "Affordable loans 5-7-9%" (hereinafter - the state program "Affordable loans 5-7-9%"), which ensure financial support in the form of partial compensation by the Fund for Entrepreneurship Development (hereinafter - the Fund) of interest rates on loans and the provision of guarantees by the Fund to prevent the occurrence and spread, localization and elimination of outbreaks of epidemics and pandemics of acute respiratory disease COVID-19 caused by SARS-CoV-2, as well as to prevent and overcome their consequences; refinancing of existing debt in the banks of Ukraine under the terms of this program).

In the context of the COVID-19 pandemic, the Bank continues to individually consider debtors' requests for debt restructuring related to COVID-19 and, if necessary and in the event of a positive decision, to amend the terms of the loan. At the same time, during the 1st quarter of 2021, the impact of COVID-19 on the revision of cash flow expectations and, accordingly, the cost of expected credit losses was insignificant, including due to the fact that in the 4th quarter of 2020 the Bank conducted an extraordinary revision of the internal rating and recalculation of the probability of default on debtors operating in the industries most affected by the restrictions and economic downturn caused by COVID-19; and the Bank's assessment judgments has not changed during the reporting quarter.

9. Investment securities

Investment securities at fair value through profit or loss

As at 31 March 2021, investment securities at FVPL with the carrying value of UAH 27,979,033 thousand (31 December 2020: UAH 29,008,521 thousand) are represented by Ukrainian state bonds. 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 Hryvnia to US Dollar per month prior to the date of issue and per month prior to the maturity date. Coupon yield is not subject to indexation.

(UAH thousand, unless otherwise stated)

As of March 31, 2021, the government bonds with a book value of UAH 15,385,410 thousand are pledged as collateral for loans received from the NBU (December 31, 2020: UAH 15,902,090 thousand) (Note 12).

Investment securities at fair value through other comprehensive income

	<i>31 March 2021 (unaudited)</i>	<i>31 December 2020</i>
Ukrainian state bonds	15 316 755	13 877 469
Corporate bonds	341 200	341 329
Municipal bonds	98 887	302 122
Corporate shares	22 376	22 603
Investment securities at fair value through other comprehensive income	15 779 218	14 543 523

As of March 31, 2021, government bonds with a book value of UAH 7,867,910 thousand are pledged as collateral for loans received from the NBU (December 31, 2020: UAH 8,094,665 thousand) (Note 12).

As of March 31, 2021, government bonds with a book value of UAH 87,644 thousand are pledged as collateral for loans received from credit institutions (31 December 2020: UAH 94,566 thousand) (Note 13).

As of March 31, 2021, government bonds with a book value of UAH 317,570 thousand are used to form a guarantee fund for interest rate swap operations (31 December 2020: UAH 334,849 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 held for trading. Such investments mainly include mandatory investments in the capital of exchanges and clearing organizations, investments resulting from the Bank's receipt of equity securities in exchange for debt repayment, and strategic investments in other banks.

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

	<i>Stage 1 Collective</i>	<i>Stage 2 Individual</i>	<i>Stage 3 Individual</i>	<i>Total</i>
Gross carrying amount at 1 January 2021	37 972	22 175	4 218 021	4 278 168
New assets originated or purchased	6 149	—	—	6 149
Assets repaid	(5 458)	—	—	(5 458)
Change in carrying amount	(762)	(7 700)	—	(8 462)
Assets derecognized	(907)	—	—	(907)
Translation differences	(110)	—	—	(110)
Gross carrying amount at 31 March 2021 (unaudited)	36 884	14 475	4 218 021	4 269 380

	<i>Stage 1 Collective</i>	<i>Stage 3 Individual</i>	<i>Total</i>
Gross carrying amount at 1 January 2020	22 811	4 218 021	4 240 832
New assets originated or purchased	86	—	86
Assets derecognized/(repaid)	(6 009)	—	(6 009)
Change in carrying amount	(31)	—	(31)
Translation differences	1 330	—	1 330
Gross carrying amount at 31 March 2020 (unaudited)	18 187	4 218 021	4 236 208

(UAH thousand, unless otherwise stated)

Investment securities at amortized value

	<i>31 March 2021 (unaudited)</i>	<i>31 December 2020</i>
Corporate bonds	19 423 230	19 427 009
Ukrainian state bonds	18 767 183	25 803 072
	38 190 413	45 230 081
Less: Allowance for expected credit losses	(40 345)	(55 471)
Investment securities at amortized value	38 150 068	45 174 610

As of March 31, 2021, government bonds with a book value of UAH 3,994,315 thousand are pledged as collateral for loans received from the NBU (December 31, 2020: UAH 4,083,722 thousand) (Note 12).

10. Derivative financial instruments

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 of March 31, 2021, the notional amounts are (unaudited):

	<i>Notional amount</i>	<i>Fair value</i>
	<i>Assets</i>	<i>Assets</i>
Interest rate swap	7 722 406	715 163

As of December 31, 2020, the notional amounts are:

	<i>Notional amount</i>		<i>Fair value</i>	
	<i>Assets</i>	<i>Liabilities</i>	<i>Assets</i>	<i>Liabilities</i>
Interest rate swap	6 762 406	60 000	108 231	1 123

11. Other assets and liabilities

Other assets comprise:

	<i>31 March 2021 (unaudited)</i>	<i>31 December 2020</i>
Other financial assets		
Transit accounts on operations with payment cards	138 340	118 437
Accounts receivable on operations with customers	74 937	79 485
Other accrued income	30 545	33 707
Accrued service fee on financial guarantees issued	13 963	6 307
Other	123	125
	257 908	238 061
Less: allowance for impairment	(95 752)	(97 061)
Other financial assets	162 156	141 000
Other assets		
Other tax assets, except those related to income tax	153 897	155 535
Advance payments	150 858	137 927
Precious metals	56 702	89 616
Майно, що перейшло у власність банку як заставодержателя	36 701	36 701
Cash, which availability is not confirmed	35 210	35 883
Inventories	23 513	27 090
Other	1 430	9 086
	458 311	491 838
Less: allowance for impairment	(84 182)	(95 009)
Other assets	374 129	396 829

(UAH thousand, unless otherwise stated)

	31 March 2021 (unaudited)	31 December 2020
Total other assets	536 285	537 829
Other liabilities include:		
	31 March 2021 (unaudited)	31 December 2020
Other financial liabilities		
Transit accounts on operations with customers	499 390	1 410 832
Transit accounts on operations with payment cards	64 619	41 592
Liabilities on financial guarantees issued	24 200	19 492
Accrued expenses	8 256	8 959
Lease liabilities	6 822	7 291
Derivative liabilities	—	1 123
Other financial liabilities	603 287	1 489 289
Other liabilities		
Accrued salary	151 089	31 981
Accrued unused vacations	105 956	102 573
Payables to the Individual Deposit Guarantee Fund	54 907	70 364
Payables on taxes and mandatory contributions, except for income tax	39 785	31 832
Deferred income	31 495	36 976
Payables on the Bank's business activities	27 169	36 442
Provisions for performance guarantees	3 868	3 455
Other	9 008	704
Other liabilities	423 277	314 327
Total other liabilities	1 026 564	1 803 616

The following tables show the analysis of changes in the gross carrying amount and the corresponding ECL on other financial assets:

	Stage 1 Collective
Gross carrying amount at 1 January 2021	97 061
New assets originated or purchased	2 560
Assets derecognized/(repaid)	(2 713)
Change in carrying amount	582
Translation differences	(1 738)
Gross carrying amount at 31 March 2021 (unaudited)	95 752
	Stage 1 Collective
Gross carrying amount at 1 January 2020	85 165
New assets originated or purchased	3 354
Assets derecognized/(repaid)	(2 593)
Change in carrying amount	638
Translation differences	6 124
Gross carrying amount at 31 March 2020 (unaudited)	92 688

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

Allowance at 1 January 2021	95 009
Charge	(10 153)
Translation differences	(674)
Gross carrying amount at 31 March 2021 (unaudited)	84 182
Allowance at 1 January 2020	92 436

(UAH thousand, unless otherwise stated)

Charge	6 527
Translation differences	4 591
Gross carrying amount at 31 March 2020 (unaudited)	103 554

12. Amounts due to the National Bank of Ukraine

As of March 31, 2021, the amount due to the National Bank of Ukraine on refinancing loans amounts to UAH 15,526,850 thousand (December 31, 2020: UAH 16,008,768 thousand).

The amounts due to the National Bank of Ukraine on all refinancing loans are secured by investment securities – government bonds with a book value of UAH 27,247,635 thousand. (31 December 2020: UAH 28,080,477 thousand) (Note 9).

The amounts due to the National Bank of Ukraine for the formation of a guarantee fund for interest rate swap operations are secured by investment securities - government bonds with a book value of UAH 317,570 thousand. (31 December 2020: UAH 334,849 thousand) (Note 9).

13. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	<i>31 March 2021 (unaudited)</i>	<i>31 December 2020</i>
Current accounts		
Ukrainian banks	606 412	933 636
CIS and other banks	1 749	173
OECD banks	–	8 396
	608 161	942 205
Loans and deposits		
International financial institutions	24 434 999	24 571 842
Ukrainian banks	108 195	552 590
Other financial organizations	52 868	52 316
	24 596 062	25 176 748
Other amounts due to credit institutions	37	75
Amounts due to credit institutions	25 204 260	26 119 028

Loans from other banks include a loan from the Entrepreneurship Development Fund (EDF), which is attracted under the program of lending to micro, small and medium enterprises (private entrepreneurs and legal entities of private ownership). Debt on the loan to the EDF is secured by investment securities (Note 9).

For the purposes of the consolidated cash flow statement presentation, the Bank allocates the funds attracted from credit institutions between the operating and financing activities. The funds raised from Ukrainian banks comprise guarantee deposits taken and were included in the category of funds for operating activities, and the funds from foreign banks received for longer-term purposes – for financing activities.

14. Amounts due to customers

Amounts due to customers comprise:

	<i>31 March 2021 (unaudited)</i>	<i>31 December 2020</i>
Current accounts		
- Legal entities	42 772 890	31 955 659
- Budget financed organizations	11 139 115	12 265 200
- Individuals	5 319 384	5 300 720
	59 231 389	49 521 579
Time deposits		
- Legal entities	38 263 232	42 376 624
- Individuals	23 475 851	23 682 905

(UAH thousand, unless otherwise stated)

	31 March 2021 (unaudited)	31 December 2020
- Budget financed organizations	3 858 952	—
	65 598 035	66 059 529
Amounts due to customers	124 829 424	115 581 108
Held as security against loans to customers	870 859	397 135
Held as security against guarantees and avals (Note 17)	579 141	584 524
Held as security against letters of credit (Note 17)	70 761	88 524
Held as security against undrawn loan commitments (Note 17)	2 529	6 988

As of March 31, 2021, amount due to customers 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 53,527 thousand (December 31, 2020: UAH 81,219 thousand). The change in the fair value of funds raised in gold, which is due to changes in credit risk, as of March 31, 2021 is not available (December 31, 2020: not available).

15. Eurobonds issued

	31 March 2021 (unaudited)			31 December 2020		
	Nominal value (‘000)	Currency	Carrying amount	Nominal value (‘000)	Currency	Carrying amount
April 2010 issue	500 000	USD	1 999 350	500 000	USD	1 980 940
October 2010 issue	250 000	USD	999 675	250 000	USD	990 470
January 2013 issue	500 000	USD	4 533 322	500 000	USD	9 415 079
April 2013 issue	100 000	USD	906 664	100 000	USD	1 883 016
March 2018 issue	4 051 000	UAH	—	4 051 000	UAH	4 267 647
Eurobonds issued			8 439 011			18 537 152

16. Equity

As at 31 March 2021, the Bank's authorised capital comprised 31,168,806 (31 December 2020: 31,168,806 ordinary registered shares) with a nominal value of UAH 1,462.04 per share (31 December 2020: UAH 1,462.04 per share). As at 31 March 2021, 31,168,806 ordinary registered shares were fully paid and registered (31 December 2020: all shares were fully paid and registered).

Movements in revaluation reserves

Movements in revaluation reserves were as follows:

	Fixed assets revaluation reserve	Unrealised gains/ (losses) on investment securities at fair value through other comprehensive income	Revaluation reserves
As at 1 January 2020	697 568	(359 789)	337 779
Depreciation of revaluation reserve, net of tax	(3 310)	—	(3 310)
Net loss on investment securities at fair value through other comprehensive income, including:	—	(2 317 627)	(2 317 627)
Changes in loan-loss provisions on investment securities at fair value through other comprehensive income	—	(5 954)	(5 954)
Net loss on investment securities at fair value through other comprehensive income reclassified to the consolidated statement of profit and loss	—	18 449	18 449
Net unrealised losses on investment securities at fair value	—	(2 330 122)	(2 330 122)

(UAH thousand, unless otherwise stated)

	<i>Fixed assets revaluation reserve</i>	<i>Unrealised gains/ (losses) on investment securities at fair value through other comprehensive income</i>	<i>Revaluation reserves</i>
through other comprehensive income			
Income tax related to components of other comprehensive income	–	–	–
As at 31 March 2020 (unaudited)	694 258	(2 677 416)	(1 983 158)
As at 1 January 2021	1 013 287	(487 604)	525 683
Depreciation of revaluation reserve, net of tax	(4 930)	–	(4 930)
Net loss on investment securities at fair value through other comprehensive income, including:	–	(314 618)	(314 618)
Changes in loan-loss provisions on investment securities at fair value through other comprehensive income	–	(7 771)	(7 771)
Net loss on investment securities at fair value through other comprehensive income reclassified to the consolidated statement of profit and loss	–	(5 339)	(5 339)
Net unrealised losses on investment securities at fair value through other comprehensive income	–	(301 508)	(301 508)
Income tax related to components of other comprehensive income	–	–	–
As at 31 March 2021 (unaudited)	1 008 357	(802 222)	206 135

17. Credit-related commitments

Credit-related commitments of the Bank included:

	<i>31 March 2021 (unaudited)</i>	<i>31 December 2020</i>
Undrawn loan commitments	10 452 865	11 487 832
Financial guarantees	231 329	273 167
Letters of credit	84 721	146 068
Avals on promissory notes	385 821	334 339
	11 154 736	12 241 406
Less: provisions	(233 936)	(135 531)
Credit-related commitments (before cash held as security)	10 920 800	12 105 875
Less: cash held as security against letters of credit, avals, guarantees and undrawn loan commitments (Notes 14)	(169 649)	(220 884)
Credit-related commitments	10 751 151	11 884 991

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

	<i>Stage 1 Collective</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Collective</i>	<i>Total</i>
Credit-related commitments as at 1 January 2021	126 706	3 713	402	130 821
New liabilities originated or purchased	139 963	–	–	139 963
Liabilities derecognized/(repaid)	(47 882)	(8 876)	(140)	(56 898)

(UAH thousand, unless otherwise stated)

	<i>Stage 1 Collective</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Collective</i>	<i>Total</i>
Transfer to Stage 1	43	(43)	—	—
Transfer to Stage 2	(311)	331	(20)	—
Transfer to Stage 3	(47 439)	(80)	47 519	—
Changes in provisions	18 044	5 356	(2 442)	20 958
Translation differences	(1 321)	(25)	(226)	(1 572)
Provision of credit-related commitments as at 31 March 2021 (unaudited)	187 803	376	45 093	233 272

	<i>Stage 1 Collective</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Collective</i>	<i>Total</i>
Credit-related commitments as at 1 January 2020	47 357	206	646	48 209
New liabilities originated or purchased	10 089	—	—	10 089
Liabilities derecognized/(repaid)	(16 920)	(87)	(305)	(17 312)
Transfer to Stage 1	65	(65)	—	—
Transfer to Stage 2	(2 837)	2 890	(53)	—
Transfer to Stage 3	(63)	(70)	133	—
Changes in provisions	1 676	5 510	214	7 400
Translation differences	2 145	222	—	2 367
Provision of credit-related commitments as at 31 March 2020 (unaudited)	41 512	8 606	635	50 753

Performance guarantees

Performance guarantees are an agreement to provide compensation if a counterparty fails to perform its contractual obligations. Performance guarantees do not involve credit risk. The risk is related to the possibility of non-performance of contractual obligations by the other party.

	<i>31 March 2021 (unaudited)</i>	<i>31 December 2020</i>
Performance guarantees	4 867 269	2 921 593
Less: provisions	(3 868)	(3 455)
Performance guarantees commitments (before cash held as security)	4 863 401	2 918 138
Less: cash held as security against performance guarantees (Notes 14)	(482 782)	(459 152)
Performance guarantees commitments	4 380 619	2 458 986

The provision for performance guarantees is included in other commitments.

Financial terms of agreements

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 values of indicators are set by the terms of agreements, other documents agreed by the parties to the agreements, with reference to both international and local regulatory requirements.

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

(UAH thousand, unless otherwise stated)

18. Personnel and other operating expenses

Personnel and other operating expenses comprise:

	2021		2020	
	<i>For the three months ended 31 March</i>	<i>cumulative total from the beginning of the reporting year</i>	<i>For the three months ended 31 March</i>	<i>cumulative total from the beginning of the reporting year</i>
	<i>(unaudited)</i>			
Salaries and bonuses	380 161	380 161	296 339	296 339
Mandatory contributions to the state funds	52 645	52 645	56 863	56 863
Personnel expenses	432 806	432 806	353 202	353 202
Payables to the Individual Deposit Guarantee Fund	54 907	54 907	64 903	64 903
Repair and maintenance of property and equipment	25 891	25 891	34 521	34 521
Security	14 790	14 790	13 909	13 909
Operating taxes	13 403	13 403	29 167	29 167
Maintenance of premises	11 310	11 310	11 117	11 117
Expenses for information computer processing	8 631	8 631	6 664	6 664
Expenses for cash collection	4 273	4 273	4 531	4 531
Administrative expenses	3 874	3 874	5 621	5 621
Marketing and advertising	3 362	3 362	1 867	1 867
Communication services	3 329	3 329	4 347	4 347
Rent of premises	2 711	2 711	3 060	3 060
Legal and advisory services	887	887	6 289	6 289
Business travel and related expenses	862	862	1 590	1 590
(Reversal of losses) / impairment losses on non-financial assets	(10 153)	(10 153)	6 527	6 527
Other	14 896	14 896	43 876	43 876
Other operating expenses	152 973	152 973	237 989	237 989

Expenses for contributions to the non-state pension fund for the period ended 31 March, 2021 comprised UAH 180 thousand (31 March 2020: UAH 6,137 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 interim condensed consolidated statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

	31 March 2021 (unaudited)			31 December 2020		
	<i>Carrying amount</i>	<i>Fair value</i>	<i>Unrecognised gain/(loss)</i>	<i>Carrying amount</i>	<i>Fair value</i>	<i>Unrecognised gain/(loss)</i>
Financial assets						
Cash and cash equivalents	51 302 069	51 302 069	—	49 912 943	49 912 943	—
Amounts due from credit institutions	396 130	396 130	—	331 621	331 621	—
Loans to customers	50 148 965	49 906 196	(242 769)	48 608 320	47 897 910	(710 410)
Investment securities at amortised cost	38 150 068	37 665 771	(484 297)	45 174 610	45 122 082	(52 528)
Other assets	162 156	162 156	—	141 000	141 000	—
Financial liabilities						
Amounts due to the NBU	15 526 850	15 526 850	—	16 008 768	16 008 768	—

(UAH thousand, unless otherwise stated)

	31 March 2021 (unaudited)			31 December 2020		
	Carrying amount	Fair value	Unrecognised gain/(loss)	Carrying amount	Fair value	Unrecognised gain/(loss)
Amounts due to credit institutions	25 204 260	25 204 260	—	26 119 028	26 119 028	—
Amounts due to customers	124 775 897	124 721 351	54 546	115 499 889	115 497 652	2 237
Eurobonds issued	8 439 011	9 088 544	(649 533)	18 537 152	19 391 412	(854 260)
Subordinated debt	4 036 185	4 188 969	(152 784)	4 341 176	4 488 981	(147 805)
Other liabilities	603 287	603 287	—	1 488 166	1 488 166	—
Total unrecognised change in unrealised fair value			(1 474 837)			(1 762 044)

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 interim condensed consolidated statement of financial position.

Assets, which fair value approximates their carrying value

For the financial assets and financial liabilities that are liquid or have a short-term maturity (less than 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 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.

Fair value of financial assets carried at fair value

The Bank uses the following hierarchy of measurement techniques to determine and disclose fair values of financial assets, including changes in fair value as a result of alternative assumptions used in the measurement model:

- ▶ Level 2: where no market quotations are available for a financial instrument, the fair value is measured using valuation techniques based on assumptions supported by observable market prices and rates available at the reporting date, i.e. either directly or indirectly based on observable market inputs;
- ▶ Level 3: for financial instruments whose fair values cannot be measured using market quotations or measurement models with observable inputs, the Bank uses measurement techniques using unobservable inputs that have material impact on reported fair values of financial instruments. This approach is appropriate for investments in non-listed shares and debt securities.

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

As at 31 March 2021 (unaudited)	Fair value recurring measurements		
	Level 2	Level 3	Total
Current accounts with other credit institutions in precious metals	38 773	—	38 773
Investment securities at fair value through profit or loss	—	27 979 033	27 979 033
Investment securities at fair value through other comprehensive income	15 756 842	22 376	15 779 218
Derivative financial assets	715 163	—	715 163
Total assets	16 510 778	28 001 409	44 512 187

(UAH thousand, unless otherwise stated)

<i>As at 31 March 2021 (unaudited)</i>	<i>Fair value recurring measurements</i>		
	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Amounts due to customers in precious metals	53 527	—	53 527
Total liabilities	53 527	—	53 527

<i>As at 31 December 2020</i>	<i>Fair value recurring measurements</i>		
	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Current accounts with other credit institutions in precious metals	38 539	—	38 539
Investment securities at fair value through profit or loss	—	29 008 521	29 008 521
Investment securities at fair value through other comprehensive income	14 520 920	22 603	14 543 523
Derivative financial assets	108 231	—	108 231
Total assets	14 667 690	29 031 124	43 698 814
Amounts due to customers in precious metals	81 219	—	81 219
Derivative financial assets	1 123	—	1 123
Total liabilities	82 342	—	82 342

The Bank assesses whether any transfers between levels of the fair value hierarchy are required at the end of each reporting period.

Changes in the category of financial instruments of the 3rd level, measured at fair value

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

	<i>At 1 January 2021</i>	<i>Loss recognised in the consolidated statement of profit and loss</i>	<i>Loss recognised in the consolidated statement of comprehensive income</i>	<i>Settlements</i>	<i>At 31 March 2021</i>
Investment securities at fair value through profits and losses	29 008 521	(688 668) ^(a)	—	(340 820) ⁽⁶⁾	27 979 033
Investment securities at fair value through other comprehensive income	22 603	—	(227)	—	22 376
Total assets	29 031 124	(688 668)	(227)	(340 820)	28 001 409

	<i>At 1 January 2020</i>	<i>Gain/(Loss) recognised in the consolidated statement of profit and loss</i>	<i>Gain recognised in the consolidated statement of comprehensive income</i>	<i>Transfer from Level 2 to Level 3 of the hierarchy</i>	<i>Settlements</i>	<i>At 31 December 2020</i>
Investment securities at fair value through profits and losses	—	(63 771) ^(a)	—	29 342 952	(270 660) ⁽⁶⁾	29 008 521
Investment securities at fair value through other comprehensive income	17 940	699 ^(b)	4 663	—	(699) ⁽⁷⁾	22 603
Total assets	17 940	(63 072)	4 663	29 342 952	(271 359)	29 031 124

(UAH thousand, unless otherwise stated)

- (a) Losses in the amount of UAH (688,668) thousand include: UAH (990 975) thousand revaluation of investment securities at fair value through profit or loss, which is included in the item "Net profit / (loss) from investment securities at fair value through profit or loss" and UAH 302,307 thousand of accrued interest income, which is included in the item "Interest income on investment securities at fair value through profit or loss" (2020: Losses in the amount of UAH (63 771) thousand include: UAH (372 944) thousand of revaluation of investment securities at fair value through profit or loss, which is included in the item "Net income / (loss) from investment securities at fair value through profit or loss" and UAH 309,173 thousand accrued interest income, which is included in the item "Interest income from investment securities at fair value through profit or loss").
- (b) Settlements in the amount of UAH 340,820 thousand include: UAH 340 820 thousand of repayments (2020: Settlements in the amount of UAH 270,660 thousand include: UAH 270,660 thousand of repayments).
- (c) 2020: Accrued dividends in the amount of UAH 699 thousand included in the item "Other income".
- (d) 2020: Calculations in the amount of UAH 699 thousand include: UAH 699 thousand of repayments.

The table below shows the quantitative information as at 31 March 2021 and 31 December 2020 about significant unobservable inputs used for fair valuation of financial instruments classified as those of Level 3 of the fair value hierarchy:

<i>At 31 March 2021 (unaudited)</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 profits and losses	27 979 033	Harman-Kolhagen model	Historical volatility of the hryvnia/dollar exchange rate	27.089%
Investment securities at fair value through other comprehensive income	22 376	Discounted cash flows	Expected return	12.9%
<i>At 31 December 2020</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 profits and losses	29 008 521	Harman-Kolhagen model	Historical volatility of the hryvnia/dollar exchange rate	26.41%
Investment securities at fair value through other comprehensive income	22 603	Discounted cash flows	Expected return	12.5%

20. Related party disclosures

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 with related parties comprise transactions with entities controlled, directly or indirectly, or significantly influenced by the Ukrainian Government and with the key management personnel.

The outstanding balances with the key management personnel as at 31 March 2021 and 31 December 2020 and the related income and expense for the three months ended 31 March 2021 and 2020 are as follows:

	<i>Key management personnel</i>	
	<i>31 March 2021 (unaudited)</i>	<i>31 December 2020</i>
Loans to customers	1 543	1 491
Less: Allowance for impairment	(19)	(20)
Loans to customers, net amount	1 524	1 471
Current accounts	4	7

(UAH thousand, unless otherwise stated)

	<i>Key management personnel</i>	
	<i>31 March 2021 (unaudited)</i>	<i>31 December 2020</i>
Time deposits	—	1 006
Amounts due to customers	4	1 013
Other liabilities	16	10
	<i>For the period ended 31 March</i>	
	<i>2021 (unaudited)</i>	<i>2020</i>
Interest income on loans	59	—
Interest expense on customer deposits	—	(291)
Commission income	1	5
Translation differences	(40)	(2 157)

During the three months ended 31 March 2021, the total compensation and other remunerations of the key management personnel comprised UAH 18,598 thousand (UAH 6 thousand of payments to the non-state pension fund) (31 March 2020: UAH 35,933 thousand) (UAH 84 thousand of payments to the non-state pension fund).

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 enterprises 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 with government-related entities which are individually significant in terms of the carrying value as at 31 March 2021 (unaudited) are disclosed below:

<i>Client</i>	<i>Sector</i>	<i>Cash and cash equivalents</i>	<i>Loans to customers</i>	<i>Amounts due to the NBU</i>	<i>Amounts due to customers</i>	<i>Guarantees issued</i>
Client 1	State-owned entities	—	—	—	6 188 092	—
Client 2	State-owned entities	—	—	—	1 331 498	—
Client 3	Finance	20 758 542	—	15 526 850	—	—
Client 4	Finance	—	—	—	1 390 586	—
Client 5	Mining industry	—	4 182 163	—	16 156 551	—
Client 6	Energy production	—	5 090 844	—	—	—
Client 7	Energy production	—	3 001 042	—	—	—
Client 8	Mechanical engineering	—	1 830 390	—	—	479 268
Client 9	Mechanical engineering	—	—	—	1 933 628	—
Client 10	Mechanical engineering	—	—	—	—	103 772
Client 11	Trade	—	843 538	—	—	1 970 126
Client 12	Trade	—	—	—	—	935 368
Client 13	Transport and communications	—	1 789 905	—	—	—
Client 14	Transport and communications	—	—	—	1 445 538	—
Client 15	Agriculture and food industry	—	—	—	2 334 642	—
Client 16	Road construction	—	1 010 255	—	—	—
Other	—	—	—	—	14 439 899	80 169

Balances with state-controlled entities, which are significant in terms of the carrying value as at 31 December 2020 were as follows:

<i>Client</i>	<i>Sector</i>	<i>Cash and cash equivalents</i>	<i>Loans to customers</i>	<i>Amounts due to the NBU</i>	<i>Amounts due to customers</i>	<i>Guarantees issued</i>
Client 1	State-owned entities	—	—	—	6 850 351	—
Client 2	State-owned entities	—	—	—	1 634 972	—
Client 3	Finance	14 487 474	—	16 008 768	—	—

(UAH thousand, unless otherwise stated)

<i>Client</i>	<i>Sector</i>	<i>Cash and cash equivalents</i>	<i>Loans to customers</i>	<i>Amounts due to the NBU</i>	<i>Amounts due to customers</i>	<i>Guarantees issued</i>
Client 5	Mining industry	—	4 262 727	—	5 419 423	—
Client 17	Mining industry	—	505 223	—	—	—
Client 15	Agriculture and food industry	—	—	—	5 610 690	—
Client 6	Energy production	—	5 045 250	—	—	—
Client 8	Mechanical engineering	—	1 796 436	—	1 419 874	479 268
Client 10	Mechanical engineering	—	—	—	—	111 966
Client 13	Transport and communications	—	1 896 652	—	—	—
Client 14	Transport and communications	—	—	—	1 607 746	—
Client 11	Trade	—	895 351	—	—	478 703
Client 12	Trade	—	—	—	—	892 093
Client 16	Road construction	—	1 002 859	—	—	—
Client 18	Professional, scientific and technical activities	—	—	—	890 637	—
Other	—	—	—	—	11 825 344	36 745

For the three-month period ended 31 March 2021, the Bank recorded UAH 474 353 thousand (31 March, 2020: UAH 565,983 thousand) on significant transactions with the state-controlled entities of interest income, including interest income from operations with the NBU deposit certificates with maturity up to 90 days – UAH 190,095 thousand (31 March, 2020: UAH 193,454 thousand), and interest expense of UAH 407 797 thousand (March 31, 2020: UAH 138,750 thousand).

As at 31 March and 31 December 2020, the Bank's investments in debt securities issued by the state or state-controlled entities were as follows:

	<i>31 March 2021 (unaudited)</i>	<i>31 December 2020</i>
Investment securities at fair value through profit or loss	27 979 033	29 008 521
Investment securities at fair value through other comprehensive income	15 674 437	14 235 447
Investment securities at amortized value	38 150 068	45 174 610

For the three-month period ended 31 March 2021, the Bank recognised UAH 1,240,472 thousand on transactions with the Government bonds (31 March, 2020: UAH 642,651 thousand) of interest income, on transactions with other investment securities, UAH 155,356 thousand (31 March, 2020: UAH 18,171 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 Bank's capital adequacy ratio was as follows:

	<i>31 March 2021 (unaudited)</i>	<i>31 December 2020</i>
Core capital	9 555 527	10 515 081
Additional capital, calculated	4 078 548	4 534 514

(UAH thousand, unless otherwise stated)

	31 March 2021 (unaudited)	31 December 2020
Additional capital, included in calculation of total capital (limited to core capital)	4 078 548	4 534 514
Total regulatory capital	13 634 075	15 049 595
Risk weighted assets	59 241 251	64 669 917
Core capital adequacy ratio	16.13%	16.26%
Regulatory capital adequacy ratio	23.01%	23.27%

Regulatory capital comprises Tier 1 capital (core capital), consisting of paid-in registered share capital, reserves less losses and part of the carrying value of assets (non-current assets held for sale; property transferred to the bank as a pledgee; fixed assets), 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 a reserve for revaluation of assets, current income, 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:

	31 March 2021 (unaudited)	31 December 2020
Tier 1 capital	9 493 304	9 163 469
Tier 2 capital, calculated	3 862 135	4 577 301
Tier 2 capital, included in calculation of total capital	3 862 135	4 577 301
Total capital	13 355 439	13 740 770
Risk weighted assets	66 760 254	64 427 210
Tier 1 capital adequacy ratio	14.2%	14.2%
Total capital adequacy ratio	20.0%	21.3%

Joint Stock Company
«The State Export-Import Bank of Ukraine»
Secretariat Department
I hereby officially certify that the above translation is true
Kyiv «31» May 2021
Senior specialist O. Hnatiuk

