"The State Export-Import Bank of Ukraine" Joint Stock Company

Interim condensed consolidated financial statements

For three months ended March 31, 2023

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at March 31, 2023

(thousands of Ukrainian hryvnia)

	Notes	March 31, 2023 (unaudited)	December 31, 2022
Assets			
Cash and cash equivalents	4	89 606 613	81 386 122
Loans and advances to banks	7	572 199	593 472
Loans and advances to customers	8	78 016 679	82 429 861
Investments in securities	9	71 933 923	62 486 708
Current tax assets		2 866	2 866
Derivative financial assets	12	2 141 969	2 324 622
Other financial assets	10	395 556	451 967
Other non-financial assets	11	119 176	137 714
Investment property		665 369	667 496
Property, plant and equipment		2 002 623	1 986 866
Intangible assets		58 062	63 460
Deferred tax assets		1 414 884	1 414 884
Non-current assets classified as held for sale		198 412	218 877
Assets		**247 128 331**	**234 164 915**
Liabilities			
Due to other banks	13	14 132 379	22 158 638
Customer accounts	15	197 579 819	177 147 425
Derivative financial liabilities	12	3 247	9 810
Other borrowed funds	14	27 291 954	27 301 358
Current tax liabilities		-	143
Other financial liabilities	10	662 800	600 816
Other non-financial liabilities	11	342 751	333 973
Allowance for loan commitments and financial guarantee contracts		305 754	520 007
Other provisions		1 332	2 307
Subordinated debt		3 757 135	4 055 444
Liabilities		**244 077 171**	**232 129 921**
Equity	16		
Issued capital		45 570 041	45 570 041
Other reserves		(1 426 990)	(1 461 266)
Result from transactions with the shareholder		635 104	635 104
Retained earnings		(41 726 995)	(42 708 885)
Total equity		**3 051 160**	**2 034 994**
Total equity and liabilities		**247 128 331**	**234 164 915**

Authorised for release and signed

August 10, 2023

Chairman of the Management Board **Sergii IERMAKOV**

Chief Accountant **Nataliia POTEMSKA**

V. M. Medko 247-89-16

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for three months ended March 31, 2023

(thousands of Ukrainian hryvnia)

		2023		*2022*	
		For the three months ended March 31	*cumulative since the beginning of the reporting year*	*For the three months ended March 31*	*cumulative since the beginning of the reporting year*
	Notes	*(unaudited)*			
Interest income calculated using effective interest method		4 408 251	4 408 251	2 746 190	2 746 190
Other interest income		334 329	334 329	337 319	337 319
Interest expense		(4 247 240)	(4 247 240)	(1 741 325)	(1 741 325)
Fee income		294 078	294 078	284 151	284 151
Fee expense		(100 392)	(100 392)	(85 991)	(85 991)
Other income		68 928	68 928	18 464	18 464
Net increase/(decrease) from operations with financial instruments at fair value through profit or loss		335 232	335 232	325 951	325 951
Net increase/(decrease) from financial assets held for trading		132 837	132 837	–	–
Net increase/(decrease) from operations with debt financial instruments at fair value through other comprehensive income		3 508	3 508	12 461	12 461
Net increase/(decrease) from trading in foreign currencies		281 368	281 368	129 328	129 328
Net increase/(decrease) from foreign exchange translation		(154 990)	(154 990)	(1 221 230)	(1 221 230)
Gains/(losses) on initial recognition of financial assets at interest rates above or below market		(249 004)	(249 004)	(317)	(317)
Impairment gain and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9	6	484 608	484 608	(2 002 337)	(2 002 337)
Employee benefits expense	18	(429 731)	(429 731)	(613 493)	(613 493)
Depreciation and amortisation expense		(22 441)	(22 441)	(28 586)	(28 586)
Other administrative and operating expenses	18	(176 746)	(176 746)	(173 189)	(173 189)
Impairment gain and reversal of impairment loss (impairment loss) for non-financial assets	11	5 852	5 852	(28 368)	(28 368)
Gain (loss) arising from derecognition of financial assets at amortised cost		5 069	5 069	19 690	19 690
Profit / (loss) before tax		**973 516**	**973 516**	**(2 021 282)**	**(2 021 282)**
Income tax expense		–	–	**48**	**48**
Profit/ (loss) for the period		**973 516**	**973 516**	**(2 021 234)**	**(2 021 234)**

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Chief Accountant **Nataliia POTEMSKA**

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for three months ended March 31, 2023

(thousands of Ukrainian hryvnia)

	2023		*2022*	
	For the three months ended March 31	*cumulative since the beginning of the reporting year*	*For the three months ended March 31*	*cumulative since the beginning of the reporting year*
	(unaudited)			
Profit/ (loss) for the period	**973 517**	**973 517**	**(2 021 234)**	**(2 021 234)**
Other comprehensive income (loss)				
Components of other comprehensive income that will be reclassified to profit or loss before tax				
Gains (losses) on financial assets measured at fair value through other comprehensive income, before tax	42 649	42 649	(127 763)	(127 763)
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss				
Income tax relating to changes in revaluation of financial assets measured at fair value through other comprehensive income	–	–	–	–
Total other comprehensive income	**42 649**	**42 649**	**(127 763)**	**(127 763)**
Total comprehensive income	**1 016 166**	**1 016 166**	**(2 148 997)**	**(2 148 997)**

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for three months ended March 31, 2023

(thousands of Ukrainian hryvnia)

			Other reserves				
	Issued capital	*Result from transactions with the shareholder*	*Revaluation surplus*	*Reserve of gains and losses on financial assets measured at fair value through other comprehensive income*	*Reserve of gains and losses from investments in equity instruments*	*Retained earnings*	*Equity*
As at January 1, 2023	**45 570 041**	**635 104**	**1 052 303**	**(2 449 725)**	**(63 844)**	**(42 708 885)**	**2 034 994**
Profit for the period	–	–	–	–	–	973 517	973 517
Other comprehensive income for the period (Note 16)	–	–	–	42 277	372	–	42 649
Total comprehensive income for the period	–	–	–	**42 277**	**372**	**973 517**	**1 016 166**
Increase (decrease) through other changes, equity (Note 16)	–	–	(8 373)	–	–	8 373	–
As at March 31, 2023 (unaudited)	**45 570 041**	**635 104**	**1 043 930**	**(2 407 448)**	**(63 472)**	**(41 726 995)**	**3 051 160**
As at January 1, 2022	**45 570 041**	**635 104**	**926 276**	**(962 130)**	**(62 775)**	**(33 653 771)**	**12 452 745**
Loss for the period	–	–	–	–	–	(2 021 234)	(2 021 234)
Other comprehensive income for the period (Note 16)	–	–	–	(126 679)	(1 084)	–	(127 763)
Total comprehensive income for the period	–	–	–	**(126 679)**	**(1 084)**	**(2 021 234)**	**(2 148 997)**
Increase (decrease) through other changes, equity (Note 16)	–	–	(4 565)	–	–	4 565	–
As at March 31, 2023 (unaudited)	**45 570 041**	**635 104**	**921 711**	**(1 088 809)**	**(63 859)**	**(35 670 440)**	**10 303 748**

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August 10, 2023

Chairman of the Management Board **Sergii IERMAKOV**

Chief Accountant **Nataliia POTEMSKA**

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (direct method)

for three months ended March 31, 2023

(thousands of Ukrainian hryvnia)

	Notes	For the period ended March 31 2023 (unaudited)	2022 (unaudited)
Cash flows from (used in) operating activities			
Interest received		4 744 966	2 711 705
Fee income received		273 524	273 615
Net (increase) / decrease from operations with financial instruments at fair value through profit or loss		349 926	29 264
Net (increase) / decrease from trading in foreign currencies		281 368	129 328
Other cash receipts from operating activities		68 090	15 354
Interest paid		(3 696 812)	(1 737 331)
Fee expenses paid		(100 392)	(85 991)
Payments to and on behalf of employees		(421 322)	(641 602)
Administrative expenses and other paid operating expenses		(183 826)	(164 408)
Net (increase)/decrease in securities held for trading		(1 095 712)	–
Net (increase)/decrease in loans and advances to banks		29 658	8 170 051
Net (increase)/decrease in loans and advances to customers		4 843 667	(8 764 171)
Net (increase)/decrease in other financial assets		79 693	21 846
Net (increase)/ decrease in other assets		32 678	(12 140)
Net increase/(decrease) in due to other banks		(7 822 090)	5 363 520
Net increase/(decrease) in customer accounts		19 169 678	(8 848 640)
Net increase/(decrease) in other financial liabilities		86 949	(73 904)
Net increase/(decrease) in other liabilities		(792)	(29 588)
Income taxes (paid) refund		(143)	(245 681)
Cash flows from (used in) operating activities		**16 639 108**	**(3 888 773)**
Cash flows from (used in) investing activities			
Purchase of securities		(12 421 162)	(11 392 090)
Proceeds from sale of investments in securities		4 174 499	8 677 821
Proceeds from sale of property, plant and equipment		4 519	–
Purchase of property, plant and equipment		(48 412)	(69 431)
Purchase of intangible assets		–	(128)
Proceeds from sale of investment property		2 164	58 322
Other inflows (outflows) of cash		21 014	–
Cash flows from (used in) investing activities		**(8 267 378)**	**(2 725 506)**
Cash flows from (used in) financing activities			
Receipt of other borrowed funds	5	752 157	–
Return of subordinated debt	5	(380 923)	(293 196)
Return of other borrowed funds	5	(1 185 619)	(2 860 884)
Payments of lease liabilities	5	(383)	(1 140)
Dividends paid		–	(1 364 209)
Cash flows from (used in) financing activities		**(814 768)**	**(4 519 429)**
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes		7 556 962	(11 133 708)
Effect of exchange rate changes on cash and cash equivalents		661 531	1 322 279
Impact of expected credit losses on cash and cash equivalents		1 998	2 682
Increase (decrease) in cash and cash equivalents		**8 220 491**	**(9 808 747)**
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	**89 606 613**	**33 073 624**

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Chief Accountant **Nataliia POTEMSKA**

V. M. Medko 247-89-16

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 March 31, 2023 and December 31, 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 (December 31, 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 subsidiaries "Lease Company "Ukreximleasing" and "Eximleasing" LLC.

"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 and summary of significant accounting policies

Basis of preparation of financial statements

These interim condensed consolidated financial statements for the three months ended March 31, 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 three months ended March 31, 2023 have been prepared on a going concern basis. In preparing the financial statements for the three 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 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 three 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, expected credit losses, and the possibility of additional capitalization, the Bank's management believes that there are sufficient grounds for 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 first quarter of 2023, economic activity gradually recovered despite the continuation of the Russian Federation's full-scale war against Ukraine. The recovery was driven by a rapid improvement in the energy sector, fast repairs of energy infrastructure, the commissioning of a number of nuclear power units, and favourable weather. These conditions have almost offset the negative impact since the second half of February 2023, along with the adaptation of businesses and households to power outages, including through the purchase of autonomous power supplies. Despite the actions that led to the partial restoration of Ukraine's energy system, electricity shortages persisted due to both new shelling and the effects of the destruction in 2022.

In the first quarter of 2023, spring crops were planted, but this was hampered by the contamination of the crop area with explosive objects and mines, as well as uncertainty over the future operation of the grain corridor. The recovery in consumer demand supported retail and service sectors. Public sector expenses grew, which supported sectors that are largely funded from the budget. There were also signs of a recovery in private investment demand. However, due to persistent high security risks, both consumer and investment demand remained weak. As a result, the NBU estimates that in the first quarter of 2023, the decline in real GDP, although slowing, remained significant, at 13.5% compared to the same quarter of the previous year.

The consolidated budget deficit in the first quarter of 2023 reached over USD 180 billion. As in 2022, it was formed primarily due to large-scale expenses for defence and security despite a certain improvement in the resource base and the partial cancellation of tax breaks. The budget needs are expected to be covered by international support, as well as by domestic borrowings. Thus, in the first quarter of 2023, Ukraine received almost USD 11 billion in international assistance, of which USD 7.3 billion were loans.

Further cooperation with international partners remains an important factor in maintaining the functioning of the economy in the context of a full-scale war and post-war recovery. On March 31, 2023, the Board of Executive Directors of the International Monetary Fund approved a four-year Extended Fund Facility (EFF) programme for Ukraine in the amount of 11.6 billion Special Drawing Rights (SDRs), which is about USD 15.6 billion. This programme is part of a total package of support to Ukraine by international partners worth USD 115 billion. The decision of the IMF Board of Directors provides for the immediate disbursement of the first tranche of SDR 2 billion (USD 2.7 billion) to Ukraine. Further tranches will be disbursed based on the results of quarterly programme reviews. In total, Ukraine can receive three tranches from the IMF this year, totalling SDR 3.3 billion (USD 4.5 billion).

The increased economic activity contributed to a gradual recovery in the labour market, but this process is not yet sustainable. Unemployment remained high, which, together with the effects of the electricity shortage, had a negative impact on household incomes. At the same time, they were supported by an average 19.7% increase in pensions since March 2023. The number of migrants outside Ukraine increased, in part due to the difficult heating season. According to UN estimates, the total number of Ukrainians remaining in Europe at the end of the first quarter of 2023 was 8.6 million, of whom 5 million had temporary protection status in the EU. The number of internally displaced persons also remained significant, at around 5 million.

The year-on-year growth in consumer prices slowed to 21.3% in March. In March 2023, year-on-year consumer inflation continued to decline to 21.3% from 24.9% in February. In monthly terms, prices increased by 1.5%. This was driven by sufficient food and fuel supplies, warmer weather, and an improved situation in the energy sector. Inflation was also restrained by improved inflation expectations and a favourable situation in the cash segment of the FX market, unchanged utility tariffs, and restrained and unevenly distributed consumer demand across goods and services. The trend towards slower inflation was also supported by the NBU's continued maintenance of the key policy rate at 25% and other measures to make hryvnia savings more attractive. As a result, demand for hryvnia instruments grew, while demand for foreign currency declined.

On January 20, 2023, Fitch Ratings affirmed Ukraine's long-term foreign currency default rating at 'CC'. At the same time, on February 10, 2023, Moody's downgraded Ukraine's long-term foreign and local currency ratings and senior unsecured foreign currency debt ratings to 'Ca' from 'Caa3' and changed its outlook to stable from negative. On March 10, 2023, Standard and Poor's affirmed Ukraine's rating at 'CCC+/C' with a stable outlook.

In the first quarter of 2023, the Ukrainian banking sector generated a net profit of UAH 34 billion, versus a loss of UAH 152 million in the first quarter of 2022. The main factors behind the banking sector's profitability were the growth in revenues as a result of the gradual recovery of banking activities and relatively insignificant additional provisioning.

Banks increased their operating income by 48% year-on-year in the first quarter of 2023, including a 41% year-on-year increase in net interest income and a 20% increase in net fee and commission income compared to the first quarter of 2022. Net operating profit before provisions doubled year-on-year to UAH 45.9 billion in the first quarter of 2023. The rate of allocations to provisions for losses from asset-side transactions decreased by 82% compared to the first quarter of the previous year, in particular, by 90% with respect to loan provisions. As of April 01, 2023, the banking sector's return on equity was +58% compared to -0.25% a year ago.

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

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 three months ended March 31, 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 1,125,338 thousand (31 March 2022: UAH 894,173 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 three months ended March 31, 2023:

March 31, 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	2 299 425	199 336	7 310	1 901 353	827	4 408 251
Other interest income	48 757	6 045	–	279 527	–	334 329
Fee income	121 039	55 867	80 847	35 710	615	294 078
Other income	3 569	4 809	4 739	1 353	54 458	68 928
Net income from operations in financial instruments at fair value through profit or loss	–	–	–	335 232	–	335 232
Net income from operations in financial instruments held for trading	–	–	–	132 837	–	132 837
Net income from operations with debt financial instruments at fair value through other comprehensive income	–	–	–	3 508	–	3 508
Net profit from trading in foreign currencies	113 645	22 413	21 811	109 913	13 586	281 368
Net profit from foreign currency revaluation	17 739	–	–	–	–	17 739
Impairment gain determined in accordance with IFRS 9	513 412	15 790	5 339	–	1 677	536 218
Impairment gain for non-financial assets	–	–	–	–	5 852	5 852
Gain arising from derecognition of financial assets measured at amortised cost	–	5 069	–	–	–	5 069
Income from other segments	3 421 302	853 208	648 038	1 776 918	(6 699 466)	–
Total income	**6 538 888**	**1 162 537**	**768 084**	**4 576 351**	**(6 622 451)**	**6 423 409**
Interest expense	(1 831 422)	(491 711)	(281 738)	(1 642 302)	(67)	(4 247 240)
Fee expense	(15 050)	(6 497)	(58 041)	(7 964)	(12 840)	(100 392)
Net loss from foreign currency revaluation	–	(1 308)	–	(144 196)	(27 225)	(172 729)
Losses on initial recognition of financial assets at interest rates above or below market	–	–	–	(249 004)	–	(249 004)
Impairment loss determined in accordance with IFRS 9	–	–	–	(51 610)	–	(51 610)
Employee benefits expenses	(122 162)	(104 957)	(80 407)	(29 161)	(93 044)	(429 731)
Amortisation	(3 035)	(3 542)	(3 237)	(506)	(12 121)	(22 441)
Other administrative and operating expenses	(26 689)	(34 836)	(97 231)	(8 482)	(9 508)	(176 746)
Expenses from other segments	(3 059 227)	(181 899)	(31 077)	(2 227 806)	5 500 009	–
Segment results	**1 481 303**	**337 787**	**216 353**	**215 320**	**(1 277 247)**	**973 516**
Profit for the period						**973 516**
Assets and liabilities as at March 31, 2023 *(unaudited)*						
Segment assets	75 460 028	5 256 741	1 098 616	163 404 545		245 219 930
Unallocated assets					1 908 401	1 908 401
Total assets						**247 128 331**
Segment liabilities	135 570 352	29 017 374	33 231 483	45 638 771		243 457 980
Unallocated liabilities					619 191	619 191
Total liabilities						**244 077 171**

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

31 March 2022 (unaudited)	*Corporate banking*	*Medium-Sized banking, municipalities and utilities sector*	*Retail banking*	*Interbank and investments business*	*Unallocated*	*Total*
External						
Interest income calculated using the effective interest method	1 457 722	169 457	4 704	1 114 307	–	2 746 190
Other interest income	49 563	8 196	–	279 560	–	337 319
Fee income	139 362	48 066	77 200	19 167	356	284 151
Other income	5 289	2 670	4 293	2 860	3 352	18 464
Net income from operations with financial instruments at fair value through profit or loss	–	–	–	64 955	260 996	325 951
Net income from operations with debt financial instruments measured at fair value through other comprehensive income	–	–	–	12 461	–	12 461
Net income from foreign currency transactions	14 140	13 329	9 384	104 062	–	140 915
Net income from foreign currency revaluation	55 945	209	–	42 567	–	98 721
Gain arising from derecognition of financial assets measured at amortised cost	–	–	–	19 716	–	19 716
Income from other segments	787 631	319 300	313 220	1 053 597	(2 473 748)	–
Total income	**2 509 652**	**561 227**	**408 801**	**2 713 252**	**(2 209 044)**	**3 983 888**
Interest expense	(471 163)	(161 340)	(140 055)	(968 545)	(222)	(1 741 325)
Fee expense	(15 290)	(8 343)	(44 762)	(10 422)	(7 174)	(85 991)
Net loss from trading in foreign currencies	–	–	–	–	(11 587)	(11 587)
Net loss from revaluation of foreign currency	–	–	–	–	(1 319 951)	(1 319 951)
Losses on initial recognition of financial assets at interest rates above or below market	–	–	–	(317)	–	(317)
Impairment loss determined in accordance with IFRS 9	(1 866 337)	(108 290)	(4 969)	(12 273)	(10 468)	(2 002 337)
Personnel expenses	(154 053)	(147 509)	(120 722)	(35 291)	(155 918)	(613 493)
Amortisation	(6 540)	(7 745)	(5 986)	(2 823)	(5 492)	(28 586)
Other administrative and operating expenses	(41 537)	(24 536)	(80 128)	(7 962)	(19 026)	(173 189)
Impairment loss for non-financial assets	–	–	–	–	(28 368)	(28 368)
Impairment loss arising from derecognition of financial assets measured at amortised cost	(26)	–	–	–	–	(26)
Expenses from other segments	(1 092 757)	(123 776)	(7 417)	(1 273 333)	2 497 283	–
Segment results	**(1 138 051)**	**(20 312)**	**4 762**	**402 286**	**(1 269 967)**	**(2 021 282)**
Expenses from other segments						48
Loss for the period						**(2 021 234)**
Assets and liabilities as at December 31, 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
Total liabilities						**232 129 921**

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:

	31 March 2023 (unaudited)	*31 December 2022*
Cash		
Cash on hand	1 911 664	1 822 228
Current account with the National Bank of Ukraine	11 487 250	7 492 711
Correspondent accounts with banks	38 731 042	50 500 425
Overnight deposits and loans with banks	5 548 175	4 075 114
	57 678 131	**63 890 478**
Cash equivalents		
Deposit certificates issued by the National Bank of Ukraine	19 011 965	12 015 123
Short term deposits classified as cash equivalents	12 971 567	5 537 234
	31 983 532	**17 552 357**
Less: allowance for expected credit losses	(55 050)	(56 713)
Cash and cash equivalents	**89 606 613**	**81 386 122**

5. Changes in liabilities in financial activities

Changes in liabilities in financial activities were as follows:

	Other borrowed funds	*Subordinated debt*	*Lease commitments*	*Total*
Carrying amount at January 1, 2023	**27 270 584**	**4 055 444**	**7 179**	**31 333 207**
Proceeds	752 157	–	–	752 157
Repayments	(1 185 619)	(380 923)	(383)	(1 566 925)
Translation differences	103 815	579	–	104 394
Other	62 592	82 035	92	144 719
Carrying amount at March 31, 2023 (unaudited)	**27 003 529**	**3 757 135**	**6 888**	**30 767 552**

	Other borrowed funds	*Subordinated debt*	*Lease commitments*	*Total*
Carrying amount at January 1, 2022	**28 820 004**	**3 605 597**	**6 099**	**32 431 700**
Repayments	(2 860 884)	(293 196)	(1 140)	(3 155 220)
Translation differences	1 824 604	248 444	–	2 073 048
Other	(67 755)	59 808	2 220	(5 727)
Carrying amount at March 31, 2022 (unaudited)	**27 715 969**	**3 620 653**	**7 179**	**31 343 801**

"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 March 31, 2023 and December 31, 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 March 31, 2023, "Other borrowings" does not include funds in the amount of UAH 288,425 thousand attracted from Ukrainian financial institutions, which were included in the category of funds for operating activities of the consolidated statement of cash flows (December 31, 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:

For three months ended March 31, 2023 (unaudited)	***Stage 1 collective***	***Stage 2 collective***	***Stage 2 individual***	***Stage 3 collective***	***Stage 3 individual***	***POCI***	***Total***
Cash and cash equivalents	(1 998)	–	–	–	–	–	(1 998)
Loans and advances to banks	131	–	–	–	–	–	131
Loans and advances to customers	76 258	(81 893)	(22 190)	(26 088)	(192 200)	(53 616)	(299 729)
Recovery of previously written-off loans and advances to customers	–	–	–	(3 556)	(15 366)	–	(18 922)
Investment securities at fair value through other comprehensive income	71 609	(7 440)	–	–	–	–	64 169
Investment securities at amortised cost	(660)	(6 307)	–	–	–	–	(6 967)
Other financial assets	(4 275)	–	–	–	–	–	(4 275)
Financial guarantees	130						130
Undrawn loan commitments	(132 298)	(368)	5 325	(81 135)	747	–	(207 729)
Letters of credit	(9 416)	–	–	–	–	–	(9 416)
Avals on promissory notes	(2)	–	–	–	–	–	(2)
(Impairment gain and reversals of impairment loss) impairment loss determined in accordance with IFRS 9	**(521)**	**(96 008)**	**(16 865)**	**(110 779)**	**(206 819)**	**(53 616)**	**(484 608)**

For three months ended March 31, 2022 (unaudited)	***Stage 1 collective***	***Stage 2 collective***	***Stage 2 individual***	***Stage 3 collective***	***Stage 3 individual***	***POCI***	***Total***
Cash and cash equivalents	(2 682)	–	–	–	–	–	(2 682)
Loans and advances to banks	307	–	162	(6)	–	–	463
Loans and advances to customers	355 025	76 785	285 909	436 824	382 577	423 396	1 960 516
Recovery of previously written-off loans and advances to customers	–	–	–	(4 279)	(28 689)	–	(32 968)
Investment securities at fair value through other comprehensive income	18 740	–	–	–	–	–	18 740
Investment securities at amortised cost	(5 544)	–	–	–	–	–	(5 544)
Other financial assets	2 744	–	–	–	–	–	2 744
Financial guarantees	(2 226)						(2 226)
Undrawn loan commitments	21 891	29 070	6 127	9 332	–	–	66 420
Letters of credit	(3 112)	–	–	–	–	–	(3 112)
Avals on promissory notes	(14)	–	–	–	–	–	(14)
(Impairment gain and reversals of impairment loss) impairment loss determined in accordance with IFRS 9	**385 129**	**105 855**	**292 198**	**441 871**	**353 888**	**423 396**	**2 002 337**

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 8,192 thousand (for the period ended March 31, 2022: UAH 5,374 thousand).

7. Loans and advances to banks

Loans and advances to banks:

	March 31, 2023 (unaudited)	*December 31, 2022*
Deposits in other banks	**572 199**	**593 472**
short-term	193 123	209 209
long-term	379 076	384 263
Loans and advances to other banks	**572 199**	**593 472**

As at March 31, 2023 loans and advances to banks include funds in the amount of UAH 107,732 thousand placed with banks of Ukraine (December 31, 2022: UAH 103,861 thousand), OECD banks – UAH 323,252 thousand (December 31, 2022: UAH 347,324 thousand), banks of other countries – UAH 219,582 thousand (December 31, 2022: UAH 220 518 thousand).

As at March 31, 2023 loans and advances to banks are accounted for at amortised cost, except for current accounts in precious metals in the amount of UAH 102,632 thousand (December 31, 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:

	Stage 1 collective	*Stage 3 collective*	*Stage 3 individual*	*Total*
Allowance at January 1, 2023	**1 790**	**71 967**	**4 474**	**78 231**
New assets originated or purchased	948	–	–	948
Assets completed/(repaid)	(1 444)	–		(1 444)
Modifications in allowances	627	–	–	627
Translation difference	5	–	–	5
Allowance at March 31, 2023 (unaudited)	**1 926**	**71 967**	**4 474**	**78 367**

	Stage 1 collective	*Stage 2 individual*	*Stage 3 collective*	*Stage 3 individual*	*Total*
Allowance at January 1, 2022	**8 320**	**–**	**74 435**	**255 815**	**338 570**
New assets originated or purchased	9 862	–	–	–	9 862
Assets completed/(repaid)	(10 630)	–	(6)		(10 636)
Transfer to Stage 2	(198)	198	–	–	–
Transfer to Stage 3	(6)	–	6	–	–
Modifications in allowances	1 075	162	–	–	1 237
Translation difference	744	–	19	–	763
Allowance at March 31, 2022 (unaudited)	**9 167**	**360**	**74 454**	**255 815**	**339 796**

8. Loans and advances to customers

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

	March 31, 2023 (unaudited)	*December 31, 2022*
Legal entities	59 430 351	63 622 410
State entities	38 149 328	38 349 545
Individuals	1 617 336	1 630 369
	99 197 015	**103 602 324**
Less: reserve for expected credit losses	(21 180 336)	(21 172 463)
Loans and advances to customers	**78 016 679**	**82 429 861**

As at March 31, 2023 loans to state entities include loans to state administration authorities in the amount of UAH 6,989,494 thousand (as at December 31, 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 January 1, 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	79 745	–	–	–	–	–	79 745
Assets completed/(repaid)	(7 487)	(74)	(4 031)	(92)	(146 437)	–	(158 121)
Transfer to Stage 1	7 541	(6 137)	–	(1 404)	–	–	–
Transfer to Stage 2	(87 183)	7 975	79 518	(310)	–	–	–
Transfer to Stage 3	(77 422)	(307 914)	(102 758)	23 226	464 868	–	–
Transfer to POCI	–	–	–	(3 696)	–	–	(3 696)
Result from derecognition	–	–	–	(5 543)	–	–	(5 543)
Interest income adjustment	–	–	–	27 472	102 192	63 339	193 003
Modifications in allowance	(59 766)	(81 771)	(18 159)	26 760	(1 863)	(45 247)	(180 046)
Translation difference	5 619	13 594	(905)	14 719	61 305	561	94 893
Allowance at March 31, 2023 (unaudited)	**538 504**	**692 525**	**275 890**	**2 213 136**	**8 493 353**	**5 840 419**	**18 053 827**

	Stage 1 collective	*Stage 2 collective*	*Stage 2 individual*	*Stage 3 collective*	*Stage 3 individual*	*POCI*	*Total*
Allowance at January 1, 2022	**1 020 730**	**72 590**	**138 134**	**907 715**	**8 918 077**	**4 121 967**	**15 179 213**
New assets originated or purchased	49 162	–	–	–	–	–	49 162
Assets completed/(repaid)	(9 204)	–	–	(1)	(202)	–	(9 407)
Transfer to Stage 1	12 959	(12 959)	–	–	–	–	–
Transfer to Stage 2	(227 022)	82 328	144 694	–	–	–	–
Transfer to Stage 3	(148 254)	(526)	–	78 994	69 786	–	–
Interest income adjustment	–	–	–	4 636	41 686	28 573	74 895
Modifications in allowance	(22 887)	75 122	152 984	466 232	382 779	428 770	1 483 000
Translation difference	46 667	2 420	6 563	23 652	530 259	2 048	611 609
Allowance at March 31, 2022 (unaudited)	**722 151**	**218 975**	**442 375**	**1 481 228**	**9 942 385**	**4 581 358**	**17 388 472**

State entities

The tables below show an analysis of modifications in allowance:

	Stage 1 collective	*Stage 2 collective*	*Stage 3 collective*	*Stage 3 individual*	*POCI*	*Total*
Allowance at January 1, 2023	**663 822**	**53 116**	**118 762**	**784 393**	**–**	**1 620 093**
New assets originated or purchased	54 819	–	–	–	–	54 819
Assets completed/(repaid)	(11)	–	(38 195)	–	–	(38 206)
Transfer to Stage 3	(54 790)	(53 116)	79 476	28 430	–	–
Interest income adjustment	–	–	3 736	11 975	174	15 885
Modifications in allowance	9 076	–	(9 606)	(43 900)	(174)	(44 604)
Translation difference	195	–	–	–	–	195

	Stage 1 collective	*Stage 2 collective*	*Stage 3 collective*	*Stage 3 individual*	*POCI*	*Total*
Allowance at March 31, 2023 (unaudited)	**673 111**	**–**	**154 173**	**780 898**	**–**	**1 608 182**

	Stage 1 collective	*Stage 2 collective*	*Stage 2 individual*	*Stage 3 collective*	*Total*
Allowance at January 1, 2022	**425 092**	**163**	**342 045**	**86 406**	**853 706**
New assets originated or purchased	322 807	–	–	–	322 807
Assets completed/(repaid)	(2 136)	(5)	–	(32 832)	(34 973)
Transfer to Stage 2	(279)	279	–	–	–
Transfer to Stage 3	(33 233)	–	–	33 233	–
Transfer to POCI	–	–	–	(7 877)	(7 877)
Interest income adjustment	–	–	–	2 618	2 618
Modifications in allowance	16 330	52	132 925	551	149 858
Translation difference	7 907	–	24 769	527	33 203
Allowance at March 31, 2022 (unaudited)	**736 488**	**489**	**499 739**	**82 626**	**1 319 342**

Individuals

The tables below show an analysis of modifications in allowance:

	Stage 1 collective	*Stage 2 collective*	*Stage 3 collective*	*POCI*	*Total*
Allowance at January 1, 2023	**3 796**	**4 407**	**1 510 575**	**–**	**1 518 778**
New assets originated or purchased	607	–	–	–	607
Assets completed/(repaid)	(333)	(286)	(1 495)	–	(2 114)
Transfer to Stage 1	992	(992)	–	–	–
Transfer to Stage 2	(962)	962	–	–	–
Transfer to Stage 3	(454)	(2 081)	2 535	–	–
Interest income adjustment	–	–	751	3	754
Modifications in allowance	(392)	238	(3 460)	(3)	(3 617)
Translation difference	–	3	3 916	–	3 919
Allowance at March 31, 2023 (unaudited)	**3 254**	**2 251**	**1 512 822**	**–**	**1 518 327**

	Stage 1 collective	*Stage 2 collective*	*Stage 3 collective*	*Total*
Allowance at January 1, 2022	**2 305**	**1 209**	**1 285 409**	**1 288 923**
New assets originated or purchased	411	–	–	411
Assets completed/(repaid)	(190)	(99)	(295)	(584)
Transfer to Stage 1	184	(184)	–	–
Transfer to Stage 2	(1 947)	2 011	(64)	–
Transfer to Stage 3	(296)	(1 196)	1 492	–
Interest income adjustment	–	–	1 305	1 305
Modifications in allowance	732	1 715	3 169	5 616
Translation difference	3	8	70 463	70 474
Allowance at March 31, 2022 (unaudited)	**1 202**	**3 464**	**1 361 479**	**1 366 145**

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:

	For the period ended March 31	
	2023	***2022***
	(unaudited)	
Loans to customers modified during the period		
Amortised cost before modification	48 872	924 613
Net modification (loss)/gain	39	(1 599)

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 the first quarter of 2023 due to the impact of the war is UAH 494,549.8 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:

	31 March 2023 (unaudited)	*31 December 2022*
Investment securities at fair value through profit or loss	27 097 782	26 961 581
Investment securities at fair value through other comprehensive income	20 890 558	12 543 679
Investment securities at amortised cost	22 043 087	22 092 656
Securities held for trading	1 902 496	888 792
Investments in securities	**71 933 923**	**62 486 708**

Investment securities at fair value through profit or loss

As at 31 March 2023 investment securities at FVPL with the carrying amount of UAH 27,097,782 thousand (31 December 2022: UAH 26,961,581 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 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 31 March 2023 securities held for trading are represented by Ukrainian state bonds with the carrying amount of UAH 1,902,496 thousand (31 December 2022: UAH 888,792 thousand).

As at 31 March 2023 the state bonds with a carrying amount of UAH 10,706,900 thousand are pledged as collateral on loans received from the NBU (31 December 2022: UAH 10,546,640 thousand) (Note 13).

During the three months ended 31 March 2023, the Bank recognised income from revaluation of investment securities at fair value through profit or loss in the amount of UAH 151,244 thousand, which is included in "Net income from operations in financial instruments at fair value through profit or loss" (31 March 2022: income in the amount of UAH 260,996 thousand).

Investment securities at fair value through other comprehensive income

	31 March 2023 (unaudited)	*31 December 2022*
Ukrainian state bonds	20 868 007	12 521 500
Corporate shares	22 551	22 179
Investment securities at fair value through other comprehensive income	**20 890 558**	**12 543 679**

As at 31 March 2023 Ukrainian state bonds with carrying amount of UAH 6,010,625 thousand are pledged as collateral for loans received from the NBU (31 December 2022: UAH 6,629,543 thousand) (Note 13).

As at 31 March 2023 Ukrainian state bonds with carrying amount of UAH 454,926 thousand are pledged as collateral for loans received from other financial institutions (31 December 2022: UAH 63,729 thousand) (Note 14).

As at 31 March 2023 Ukrainian state bonds with carrying amount of UAH 1,274,397 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:

	Stage 1 collective	*Stage 2 collective*	*Total*
Allowance at 1 January 2023	**28 706**	**259 422**	**288 128**
New assets originated or purchased	99 128	–	99 128
Assets repaid	(27 899)	–	(27 899)
Modifications in allowance	380	(7 440)	(7 060)
Sold assets	(1 284)	(2 630)	(3 914)
Allowance at 31 March 2023 (unaudited)	**99 031**	**249 352**	**348 383**

	Stage 1 collective
Allowance at 1 January 2022	**39 108**
New assets originated or purchased	19 705
Assets repaid	(932)
Modifications in allowance	(33)
Sold assets	(4 141)
Translation difference	148
Allowance at 31 March 2022 (unaudited)	**53 855**

Investment securities at amortised cost

	31 March 2023 (unaudited)	*31 December 2022*
Ukrainian state bonds	13 648 009	13 704 594
Corporate bonds	8 561 644	8 559 137
Municipal bonds	225 226	225 400
	22 434 879	**22 489 131**
Less: allowance for expected credit losses	(391 792)	(396 475)
Investment securities at amortised cost	**22 043 087**	**22 092 656**

As at 31 March 2023 state bonds with carrying amount of UAH 6,572,722 thousand are pledged as collateral on loans received from the NBU (31 December 2022: UAH 6,722,983 thousand) (Note 13).

As at 31 March 2023 corporate bonds with carrying amount of UAH 8,462,010 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:

	Stage 1 collective	*Stage 2 collective*	*Total*
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	(680)	(6 307)	(6 987)
Translation difference	2 284	–	2 284
Allowance at 31 March 2023 (unaudited)	**115 896**	**275 896**	**391 792**

	Stage 1 collective
Allowance at 1 January 2022	**46 938**
New assets originated or purchased	9 213
Assets repaid	(14 572)
Modifications in allowance	(185)
Translation difference	1 548
Allowance at 31 March 2022 (unaudited)	**42 942**

10. Other financial assets and other financial liabilities

Other financial assets comprise:

	31 March 2023 (unaudited)	*31 December 2022*
Transit accounts on operations with payment cards	195 078	271 219
Other accrued income	186 025	162 950
Accounts receivable on operations with customers	82 859	84 632
Accrued service fee on financial guarantees issued	77 218	82 137
Other	117	733
	541 297	**601 671**
Less: allowance for expected credit losses	(145 741)	(149 704)
Total other financial assets	**395 556**	**451 967**

Other financial liabilities include:

	31 March 2023 (unaudited)	*31 December 2022*
Transit accounts on operations with customers	509 887	387 806
Transit accounts on operations with payment cards	124 919	170 777
Liabilities on financial guarantees issued	10 503	12 902
Accrued expenses	10 309	17 164
Lease commitments	6 888	7 179
Other	294	4 988
Total other financial liabilities	**662 800**	**600 816**

The following tables show the analysis of changes in allowance of other financial assets:

	Stage 1 collective
Allowance at 1 January 2023	**149 704**
New assets originated or purchased	7 220
Assets completed/(repaid)	(8 016)
Modifications in allowance	(3 479)
Translation difference	312
Allowance at 31 March 2023 (unaudited)	**145 741**

	Stage 1 collective
Allowance at 1 January 2022	**86 467**
New assets originated or purchased	5 212
Assets completed/(repaid)	(5 750)
Modifications in allowance	3 282
Translation difference	2 427
Allowance at 31 March 2022 (unaudited)	**91 638**

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

Other non-financial assets include:

	31 March 2023 (unaudited)	***31 December 2022***
Advance payments	126 090	146 755
Cash, which availability is not confirmed	44 366	44 237
Inventories	33 625	34 167
Other tax assets, except those related to income tax	20 092	22 707
Repossessed pledged property	5 791	5 791
Other	1 884	2 453
	231 848	**256 110**
Less: allowance for impairment	(112 672)	(118 396)
Total other nonfinancial assets	**119 176**	**137 714**

Other non-financial liabilities include:

	31 March 2023 (unaudited)	***31 December 2022***
Accrued unused vacations	192 823	183 963
Payables to the Individual Deposit Guarantee Fund	62 590	63 305
Payables on taxes and mandatory contributions, except for income tax	30 494	22 074
Accrued salary	28 334	28 784
Deferred income	24 043	25 982
Payables on the Bank's business activities	4 277	9 713
Other	190	152
Total other non-financial liabilities	**342 751**	**333 973**

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

Allowance at 1 January 2023	**118 396**
Reversal	(5 852)
Translation difference	128
Allowance at 31 March 2023 (unaudited)	**112 672**

Allowance at 1 January 2022	**58 755**
Accrued	28 368
Translation difference	2 018
Allowance at 31 March 2022 (unaudited)	**89 141**

12. Derivative financial instruments

The Bank conducts 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 31 March 2023 the notional amounts are (unaudited):

	Notional amount		***Fair value***	
	Assets	***Liabilities***	***Assets***	***Liabilities***
Currency swap	4 157 000	4 153 753	–	3 247
Interest rate swap	8 397 406	8 397 406	2 141 969	–

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 31 March 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 1,274,397 thousand (31 December 2022: UAH 967,193 thousand) (Note 9).

During the three months ended 31 March 2023, the Bank recognised income from revaluation of derivative financial instruments in the amount of UAH 183,988 thousand (31 March 2022: UAH 64,955 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:	*31 March 2023 (unaudited)*	*31 December 2022*
Amount due to the National Bank of Ukraine		
Loans from the National Bank of Ukraine	10 621 542	18 468 854
	10 621 542	**18 468 854**
Amounts due to banks		
Current accounts	3 311 323	3 491 381
Loans and deposits	152 308	152 308
Other amounts due to credit institutions	47 206	46 095
	3 510 837	**3 689 784**
Amounts due to banks	**14 132 379**	**22 158 638**

The amounts due to the National Bank of Ukraine on all refinancing loans are secured by investment securities – Ukrainian state bonds with the carrying amount of UAH 23,290,247 thousand and corporate bonds with the carrying amount of UAH 8,462,010 thousand (Note 9) (31 December 2022: state bonds with a carrying amount of UAH 23,899,166 thousand and corporate bonds with a carrying amount of UAH 8,461,960 thousand).

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:

	31 March 2023 (unaudited)	*31 December 2022*
Loans from international financial institutions	23 977 818	23 400 194
Issued Eurobonds	3 025 711	3 870 390
Loans of other financial institutions	288 425	30 774
Other borrowed funds	**27 291 954**	**27 301 358**

Loans from other financial organisations include a loan from the Entrepreneurship Development Fund (EDF) attracted under the lending program for micro, small and medium businesses (private entrepreneurs and legal entities of private ownership). Loan debt to the EDF is secured by investment securities – state bonds with a carrying amount of UAH 454,926 thousand (31 December 2022: UAH 63,729 thousand) (Note 9).

Issued Eurobonds

	31 March 2023 (unaudited)			*31 December 2022*		
	Debt balance (thous.)	*Currency*	*Carrying amount*	*Debt balance (thous.)*	*Currency*	*Carrying amount*
Issue of January 2013	67 611	USD	2 521 426	84 513	USD	3 225 325
Issue of April 2013	13 522	USD	504 285	16 903	USD	645 065
Issued Eurobonds			**3 025 711**			**3 870 390**

15. Customer accounts

Customer accounts comprise:

	31 March 2023 (unaudited)	***31 December 2022***
Current accounts:		
- Legal entities	76 682 440	59 393 337
- Budget financed organizations	40 864 437	51 054 029
- Individuals	8 896 653	10 193 028
	126 443 530	**120 640 394**
Time deposits:		
- Legal entities	39 097 528	26 035 709
- Individuals	22 810 710	21 319 569
- Budget financed organizations	189 717	-
	62 097 955	**47 355 278**
Demand deposits:		
- Legal entities	7 905 048	7 784 366
- Individuals	1 133 286	1 367 387
	9 038 334	**9 151 753**
Customer accounts	**197 579 819**	**177 147 425**
Held as security against guarantees and avals (Note 17)	2 082 239	3 196 199
Held as security against letters of credit (Note 17)	1 035 428	578 870
Held as security against loans to customers (Note 8)	984 530	1 306 263
Held as security against undrawn loan commitments (Note 17)	2 916	2 589

As at 31 March 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 72,437 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 31 March 2023 is not available (31 December 2022: not available).

16. Equity

As at 31 March 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 31 March 2023, 31,168,806 806 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:

	Property revaluation reserve	*Reserve of gains and losses on financial assets measured at fair value through other comprehensive income*	*Reserve of gains and losses from investments in equity instruments*	*Other reserves*
At 1 January 2022	**926 276**	**(962 130)**	**(62 775)**	**(98 629)**
Depreciation of revaluation reserve, net of tax	(4 565)	–	–	(4 565)
Net (losses)/gains on investment securities at fair value through other comprehensive income, including:	–	(126 679)	(1 084)	(127 763)
Reversal of expenses on expected credit losses on investment securities at fair value through other comprehensive income	–	18 740	–	18 740
Net realised gains from operations with debt financial instruments measured at fair value through other comprehensive income	–	(12 461)	–	(12 461)
Net unrealised (losses) / gains on investment securities at fair value through other comprehensive income	–	(132 958)	(1 084)	(134 042)
Income tax related to components of other comprehensive income	–	–	–	–
As at 31 March 2022 (unaudited)	**921 711**	**(1 088 809)**	**(63 859)**	**(230 957)**
As at 1 January 2023	**1 052 303**	**(2 449 725)**	**(63 844)**	**(1 461 266)**
Depreciation of revaluation reserve, net of tax	(8 373)	–	–	(8 373)
Net (losses)/gains on investment securities at fair value through other comprehensive income, including:	–	42 277	372	42 649
Expenses for expected credit losses on investment securities at fair value through other comprehensive income	–	64 169	–	64 169
Net realised gains from operations with debt financial instruments at fair value through other comprehensive income	–	(3 508)	–	(3 508)
Net unrealised (losses) / gains on investment securities at fair value through other comprehensive income	–	(18 384)	372	(18 012)
Income tax related to components of other comprehensive income	–	–	–	–
As at 31 March 2023 (unaudited)	**1 043 930**	**(2 407 448)**	**(63 472)**	**(1 426 990)**

17. Loan commitments

Loan commitments and financial guarantee contracts

Loan commitments and financial guarantee contracts of the Bank comprise:

	31 March 2023 (unaudited)	*31 December 2022*
Undrawn loan commitments	14 357 601	24 309 454
Financial guarantees	2 618 258	3 393 212
Letters of credit	1 492 454	1 367 304
Avals on promissory notes	392 576	339 993
	18 860 889	**29 409 963**
Provisions	(305 754)	(520 007)
Cash held as security against letters of credit, avals, finance guarantees and loan commitments	(2 004 128)	(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	18 665	–	–	–	–	18 665
Liabilities completed/(settled)	(174 485)	(428)	–	(80 699)	(561)	(256 173)
Transfer to Stage 1	1 762	(1 667)	–	(95)	–	–
Transfer to Stage 2	(1 169)	546	665	(42)	–	–
Transfer to Stage 3	(117)	(2 402)	–	2 519	–	–
Modifications in allowance	23 522	60	5 325	(436)	1 308	29 779
Translation differences	(4)	–	–	1 817	–	1 813
Provision for credit-related commitments at 31 March 2023 (unaudited)	**186 504**	**1 439**	**65 370**	**17 208**	**2 181**	**272 702**

	Stage 1 collective	*Stage 2 collective*	*Stage 2 individual*	*Stage 3 collective*	*Total*
Provision for credit-related commitments as at 1 January 2022	**248 247**	**76**	**–**	**593**	**248 916**
New liabilities originated or purchased	138 587	–	–	–	138 587
Liabilities completed/(settled)	(93 890)	(19)	–	(365)	(94 274)
Transfer to Stage 1	24	(8)	–	(16)	–
Transfer to Stage 2	(60 398)	5 893	54 511	(6)	–
Transfer to Stage 3	(448)	(42)	–	490	–
Modifications in allowance	(22 806)	29 089	6 127	9 697	22 107
Translation differences	8 584	(44)	–	–	8 540
Provision for credit-related commitments at 31 March 2022 (unaudited)	**217 900**	**34 945**	**60 638**	**10 393**	**323 876**

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.

	31 March 2023 (unaudited)	***31 December 2022***
Performance guarantees	**5 829 938**	**6 166 559**
Provisions	(1 332)	(2 307)
Cash held as security against performance guarantees (Note15)	(1 116 455)	(1 334 621)

The provision for performance guarantees is included 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:

	31 March 2023 (unaudited)	***31 December 2022***		***31 March 2023 (unaudited)***	***31 December 2022***
Liability type	***Liability amount***		***Asset type***	***Asset carrying amount***	
NBU refinancing loans	10 621 542	18 468 854	Ukrainian state bonds at fair value through profit or loss	10 706 900	10 546 640
			Ukrainian state bonds at fair value through other comprehensive income	6 010 625	6 629 543
			Ukrainian state bonds at amortised cost	6 572 722	6 722 983
			Corporate bonds	8 462 010	8 461 960
NBU interest rate swap (notional amount)	8 397 406	8 397 406	Ukrainian state bonds at fair value through other comprehensive income	1 274 397	967 193
Loan from the Entrepreneurship Development Fund	288 425	30 774	Ukrainian state bonds at fair value through other comprehensive income	454 926	63 729

18. Employee benefits expense and other administrative and operating expenses

Employee benefits expense and other administrative and operating expenses comprise:

	2023		*2022*	
	for the three months ended 31 March	*cumulative since the beginning of the reporting year*	*for the three months ended 31 March*	*cumulative since the beginning of the reporting year*
	(unaudited)			
Salaries and bonuses	363 794	363 794	521 092	521 092
Mandatory contributions to the state funds	65 937	65 937	92 401	92 401
Employee benefits expense	**429 731**	**429 731**	**613 493**	**613 493**
Payables to the Individual Deposit Guarantee Fund	62 590	62 590	51 532	51 532
Repair and maintenance of fixed assets	26 017	26 017	22 596	22 596
Maintenance of premises	22 084	22 084	17 526	17 526
Security	17 102	17 102	15 595	15 595
Expenses for computer processing of information	8 849	8 849	6 333	6 333
Operating taxes	8 291	8 291	7 971	7 971
Expenses for cash collection	5 097	5 097	4 153	4 153
Legal and advisory services	3 393	3 393	1 618	1 618
Business expenses	3 060	3 060	2 761	2 761
Communication services	2 810	2 810	1 616	1 616
Rent of premises	2 707	2 707	2 436	2 436
Marketing and advertising	1 682	1 682	3 881	3 881
Representative offices expenses	836	836	879	879
Results from sale of investment real estate	–	–	10 900	10 900
Other	12 228	12 228	23 392	23 392
Other administrative and operating expenses	**176 746**	**176 746**	**173 189**	**173 189**

Expenses for payment to the non-state pension fund for the period ended 31 March 2023 amount to UAH 241 thousand (31 March 2022: UAH 425 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.

	31 March 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	89 606 613	89 606 613	–	81 386 122	81 386 122	–
Loans and advances to banks	469 567	469 567	–	498 804	498 804	–
Loans and advances to customers	78 016 679	75 306 532	(2 710 147)	82 429 861	80 947 706	(1 482 155)
Investment securities at amortised cost	22 043 087	20 256 989	(1 786 098)	22 092 656	19 887 489	(2 205 167)
Other financial assets	395 556	395 556	–	451 967	451 967	–
Financial liabilities						
Due to other banks	14 132 379	14 132 379	–	22 158 638	22 158 638	–
Customer accounts	197 507 382	197 517 678	(10 296)	177 080 968	177 112 933	(31 965)
Other borrowed funds	27 291 954	26 529 292	762 662	27 301 358	24 931 949	2 369 409
Incl. Eurobonds issued	*3 025 711*	*2 263 049*	*762 662*	*3 870 390*	*1 500 981*	*2 369 409*
Subordinated debt	3 757 135	1 446 799	2 310 336	4 055 444	1 458 128	2 597 316
Other financial liabilities	662 800	662 800	–	600 816	600 816	–
Total unrecognised changes in unrealised fair value			**(1 433 543)**			**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 31 March 2023 (unaudited)	*Fair value recurring measurements*		
	Level 2	*Level 3*	*Total*
Current accounts with banks in precious metals	102 632	–	102 632
Investment securities at fair value through profit or loss	–	27 097 782	27 097 782
Securities held for trading	1 902 496	–	1 902 496
Investment securities at fair value through other	20 868 007	22 551	20 890 558

As at 31 March 2023 (unaudited)	*Fair value recurring measurements*		
	Level 2	*Level 3*	*Total*
comprehensive income			
Derivative financial assets	2 141 969	–	2 141 969
Total assets	**25 015 104**	**27 120 333**	**52 135 437**
Amounts due to customers in precious metals	72 437	–	72 437
Derivative financial liabilities	3 247	–	3 247
Total liabilities	**75 684**	**–**	**75 684**

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*	*At 31 March 2023 (unaudited)*
Investment securities at fair value through profits and losses	26 961 581	430 771[a]	–	(294 570)[в]	27 097 782
Investment securities at fair value through other comprehensive income	22 179	–	372	–	22 551
Total assets	**26 983 760**	**430 771**	**372**	**(294 570)**	**27 120 333**

	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)[в]	26 961 581
Investment securities at fair value through other comprehensive income	23 248	795[б]	(1 069)	(795)[г]	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 430,771 thousand include: UAH 151,244 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 UAH 279,527 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 are unavailable (2022: accrued dividends in the amount of UAH 795 thousand are included in the item "Other income").

(c) Redemptions in the amount of UAH 294,570 thousand include: UAH 294,570 thousand of 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 is unavailable (2022: payment of dividends in the amount of UAH 795 thousand).

	At 31 March 2023 (unaudited)		
	Realised gains	***Unrealised gains***	***Total***
Investment securities at fair value through profit or loss	294 570	430 771	725 341
Total	**294 570**	**430 771**	**725 341**

	At 31 March 2022 (unaudited)		
	Realised gains	***Unrealised gains***	***Total***
Investment securities at fair value through profit or loss	87 867	452 690	540 557
Total	**87 867**	**452 690**	**540 557**

The tables below provides quantitative information as at 31 March 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:

At 31 March 2023 (unaudited)	***Carrying amount***	***Valuation technique***	***Unobservable parameter***	***Range of parameter values, %***
Investment securities at fair value through other comprehensive income	22 551	Discounted cash flows	Expected profitability	13,9
Investment securities at fair value through profit or loss	27 097 782	Garman-Kohlhagen model	Historical volatility of UAH/USD exchange rate	25,502

At 31 December 2022	***Carrying amount***	***Valuation technique***	***Unobservable parameter***	***Range of parameter values, %***
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 31 March 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 3,108.97 thousand/ decrease by UAH 2,975.34 thousand (31 March 2022: will increase by UAH 14,310 thousand/ decrease by UAH 14,157 thousand).

As at 31 March 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 +61.56 percentage points. The effect of such changes in the volatility of the rate on Ukrainian state bonds with an indexed value is UAH 202.573.78 thousand and will increase profits (31 March 2022: 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 +13.68 percentage points. The effect of such changes in the volatility of the rate on Ukrainian state bonds with an indexed value is UAH 131,325.13 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 31 March 2023 and 31 December 2022 and the related income and expense for three months ended 31 March of 2023 and 2022 are as follows:

	Key management personnel	
	31 March 2023 (unaudited)	***31 December 2022***
Loans and advances to customers, gross	**1 107**	**4 295**
Less: allowance for impairment	(35)	(311)
Loans and advances to customers, net	**1 072**	**3 984**
Other financial assets	12	16
Current accounts	22 002	19 426
Time deposits	4 584	8 096
Customer accounts	**26 586**	**27 522**
Other non-financial liabilities	14	15

	For the period ended 31 March	
	2023	***2022***
	(unaudited)	
Interest income on loans	33	94
Interest expenses on customer deposits	(58)	(25)
Fee income	47	98
Translation differences	23	129

During the three months ended 31 March 2023, the total amount of remuneration and other payments to key management personnel amounted to UAH 29,785 thousand (payments to the non-state pension fund – UAH 12 thousand) (31 March 2022: UAH 28,895 thousand, payments to the non-state pension fund – UAH 27 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 31 March 2023 were as follows (unaudited):

Client	*Sector*	*Cash and cash equivalents*	*Loans and advances to customers*	*Derivative financial assets*	*Due to other banks*	*Customer accounts*	*Guarantees issued*
Client 1	State entities	–	–	–	–	31 566 626	–
Client 2	State entities	–	–	–	–	3 961 311	–
Client 3	Finance	30 499 223	–	2 141 969	10 621 543	–	–
Client 4	Finance	–	–	–	288 425	–	–
Client 5	Power engineering	–	–	–	–	7 727 032	1 408 028
Client 6	Power engineering	–	6 965 327	–	–	1 951 815	–
Client 7	Power engineering	–	3 717 901	–	–	–	–
Client 8	Extractive industry	–	5 495 546	–	–	3 417 301	–
Client 9	Extractive industry	–	6 696 545	–	–	–	–
Client 10	Mechanical engineering	–	–	–	–	4 838 144	–
Client 11	Mechanical engineering	–	2 155 673	–	–	–	–
Client 12	Road construction	–	6 989 494	–	–	–	–
Client 13	Professional, scientific and technical activities	–	937 575	–	–	1 689 311	–
Client 14	Professional, scientific and technical activities	–	–	–	–	1 829 447	–
Client 15	Trade	–	–	–	–	–	2 114 673
Client 16	Trade	–	–	–	–	–	1 911 486
Client 17	Transport and communications	–	1 011 243	–	–	–	–
Other		–	2 571 842	–	–	27 841 177	–

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:

Client	*Sector*	*Cash and cash equivalents*	*Loans and advances to customers*	*Derivative financial assets*	*Due to other banks*	*Customer accounts*	*Guarantees issued*
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 6	Power engineering	–	6 961 186	–	–	–	–
Client 7	Power engineering	–	3 759 120	–	–	–	–
Client 5	Power engineering	–	–	–	–	–	1 408 028
Client 12	Road construction	–	7 074 760	–	–	–	–
Client 10	Mechanical engineering	–	–	–	–	2 386 483	–
Client 11	Mechanical engineering	–	2 010 301	–	–	–	109 966
Client 15	Trade	–	–	–	–	–	2 137 608
Client 16	Trade	–	–	–	–	–	1 928 076
Client 14	Professional, scientific and technical activities	–	–	–	–	2 085 880	–
Client 13	Professional, scientific and technical activities	–	902 615	–	–	–	–
Client 17	Professional, scientific and technical activities	–	1 099 474	–	–	–	–
Other		–	2 719 086		408 603	23 260 180	–

During the three months ended 31 March 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 1,729,680 thousand (31 March 2023: UAH 838,672 thousand) of interest income, including for transactions with NBU deposit certificates for up to 90 days – UAH 539,832 thousand (31 March 2022: UAH 143,401 thousand), as well as UAH 1,924,324 thousand (31 March 2022: UAH 805,374 thousand) of interest expenses.

As at 31 March 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 71,613,153 thousand (31 December 2022: UAH 62,168,561 thousand), and were as follows:

	31 March 2023 (unaudited)	*31 December 2022*
Investment securities at fair value through profit or loss	27 097 782	26 961 581
Investment securities at fair value through other comprehensive income	20 887 065	12 540 558
Investment securities at amortised cost	21 725 810	21 777 630
Securities held for trade	1 902 496	888 792

Information on the carrying value of Ukrainian state bonds included in investment securities at fair value through profit or loss and in investment securities at fair value through other comprehensive income is disclosed in Note 9.

During the three months ended 31 March 2023, the Bank recognised UAH 1,125,338 thousand (31 March 2022: UAH 894,173 thousand) of interest income in transactions with Ukrainian state bonds, on transactions with other investment securities UAH 208,607 thousand (31 March 2022: UAH 343,622 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 core capital adequacy ratio at the level of not less than 7%.
Starting from October 2022, the bank's capital ratios are 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.

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:

	31 March 2023 (unaudited)	*31 December 2022*
Main capital	4 700 365	3 896 200
Additional capital, calculated	3 859 309	3 981 895
Additional capital, included in calculation of total capital (limited to main capital)	3 859 309	3 874 021
Total regulatory capital	**8 559 674**	**7 770 221**
Risk weighted assets	**93 224 159**	**101 447 519**

Main capital adequacy ratio	5,04%	3,84%
Regulatory capital adequacy ratio	9,18%	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:

	31 March 2023 (unaudited)	***31 December 2022***
Tier 1 capital	3 843 045	2 861 156
Tier 2 capital, calculated	1 129 637	604 416
Tier 2 capital, included in calculation of total capital	1 129 637	604 416
Total capital	**4 972 682**	**3 465 572**
Risk weighted assets	**102 713 769**	**107 247 078**
Tier 1 capital adequacy ratio	3,7%	2,7%
Total capital adequacy ratio	4,8%	3,2%

22. Events after the reporting date

On 02 November 2022, the Management Board of "Ukreximbank" JSC decided to sell the Bank's share in the authorised capital of LLC "Eximleasing" in the amount of 49 per cent at a price not lower than the market value determined in the report of the appraiser on the property valuation. On 11 November 2022, the Supervisory Board of "Ukreximbank" JSC approved the resolution of the Management Board on such sale. The sale procedure took place through a price increase auction on the SETAM platform (setam.net.ua) and on 05 December 2022, the bidding took place, where the winner (buyer) was determined. Due to the need for the buyer to obtain the permission of the Antimonopoly Committee of Ukraine to purchase corporate rights, the actual signing of the sale and purchase agreements and the transfer and acceptance certificate took place on 05 June 2023.

As a result of the sale of LLC "Eximleasing", the Bank recognised a gain of UAH 1,756 thousand.