

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

**Interim condensed consolidated financial statements**

*For six months ended 30 June 2023*

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## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

(thousands of Ukrainian hryvnia)

	Notes	30 June 2023 (unaudited)	31 December 2022
<b>Assets</b>			
Cash and cash equivalents	4	101 790 989	81 386 122
Loans and advances to banks	7	858 715	593 472
Loans and advances to customers	8	74 780 078	82 429 861
Investments in securities	9	74 898 615	62 486 708
Current tax assets		2 805	2 866
Derivative financial assets	12	1 497 445	2 324 622
Other financial assets	10	443 135	451 967
Other non-financial assets	11	105 513	137 714
Investment property		665 369	667 496
Property, plant and equipment		2 007 821	1 986 866
Intangible assets		52 817	63 460
Deferred tax asset		1 414 884	1 414 884
Non-current assets classified as held for sale		242 275	218 877
<b>Assets</b>		<b>258 760 461</b>	<b>234 164 915</b>
<b>Liabilities</b>			
Due to other banks	13	3 384 763	22 158 638
Customer accounts	15	219 449 883	177 147 425
Derivative financial liabilities	12	3 507	9 810
Other borrowed funds	14	25 820 049	27 301 358
Current tax liabilities		-	143
Other financial liabilities	10	737 903	600 816
Other non-financial liabilities	11	356 442	333 973
Allowance for loan commitments and financial guarantee contracts		387 113	520 007
Other provisions		966	2 307
Subordinated debt		3 663 731	4 055 444
<b>Liabilities</b>		<b>253 804 357</b>	<b>232 129 921</b>
<b>Equity</b>	16		
Issued capital		45 570 041	45 570 041
Other reserves		(522 498)	(1 461 266)
Result from transactions with the shareholder		635 104	635 104
Retained earnings		(40 726 543)	(42 708 885)
<b>Total equity</b>		<b>4 956 104</b>	<b>2 034 994</b>
<b>Total equity and liabilities</b>		<b>258 760 461</b>	<b>234 164 915</b>

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October 09, 2023

Chairman of the Management Board

Sergii IERMAKOV

Chief Accountant

Nataliia POTESKA

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for six months ended 30 June 2023

(thousands of Ukrainian hryvnia)

		2023		2022	
		for three months ended June 30	for six months ended June 30	for three months ended June 30	for six months ended June 30
Notes		(unaudited)			
Interest income calculated using effective interest method		5 169 891	9 578 142	3 085 638	5 831 828
Other interest income		336 719	671 048	339 432	676 751
Interest expense		(4 481 666)	(8 728 906)	(2 114 485)	(3 855 810)
Fee income		309 548	603 626	252 400	536 551
Fee expense		(126 618)	(227 010)	(48 860)	(134 851)
Other income		35 082	104 010	30 071	48 535
Net increase/(decrease) from operations with financial instruments at fair value through profit or loss	9,12	(530 149)	(194 917)	1 462 232	1 788 183
Net increase/(decrease) from financial assets held for trading		166 508	299 345	—	—
Net increase/(decrease) from operations with debt financial instruments at fair value through other comprehensive income		2	3 510	3 533	15 994
Net increase/(decrease) from trading in foreign currencies		189 006	470 374	323 921	453 249
Net increase/(decrease) from foreign exchange translation		(38 643)	(193 633)	(10 461)	(1 231 691)
Gains/(losses) on initial recognition of financial assets at interest rates above or below market		(37 039)	(286 043)	(253)	(570)
Impairment gain and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9	6	651 663	1 136 271	(3 270 363)	(5 272 700)
Employee benefits expense	18	(437 706)	(867 437)	(379 010)	(992 503)
Depreciation and amortisation expense		(21 716)	(44 157)	(27 768)	(56 354)
Other administrative and operating expenses	18	(229 549)	(406 295)	(164 549)	(337 738)
Impairment gain and reversal of impairment loss (impairment loss) for non-financial assets	11	(346)	5 506	12 904	(15 464)
Gain (loss) arising from derecognition of financial assets at amortised cost		40 252	45 321	—	19 690
<b>Profit / (loss) before tax</b>		<b>995 239</b>	<b>1 968 755</b>	<b>(505 618)</b>	<b>(2 526 900)</b>
Income tax expense		—	—	—	48
<b>Profit/ (loss) for the period</b>		<b>995 239</b>	<b>1 968 755</b>	<b>(505 618)</b>	<b>(2 526 852)</b>

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Chief Accountant

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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**for six months ended 30 June 2023**

(thousands of Ukrainian hryvnia)

	<i>2023</i>		<i>2022</i>	
	<i>for three months ended June 30</i>	<i>for six months ended June 30</i>	<i>for three months ended June 30</i>	<i>for six months ended June 30</i>
	<i>(unaudited)</i>			
<b>Profit/ (loss) for the period</b>	<b>995 239</b>	<b>1 968 755</b>	<b>(505 618)</b>	<b>(2 526 852)</b>
<b>Other comprehensive income (loss)</b>				
<i>Components of other comprehensive income that will be reclassified to profit or loss before tax</i>				
Gains (losses) on financial assets measured at fair value through other comprehensive income, before tax (Note 16)	909 706	952 355	238 873	111 110
<i>Income tax relating to components of other comprehensive income that will be reclassified to profit or loss</i>				
Income tax relating to changes in revaluation of financial assets measured at fair value through other comprehensive income	—	—	—	—
<b>Total other comprehensive income</b>	<b>909 706</b>	<b>952 355</b>	<b>238 873</b>	<b>111 110</b>
<b>Total comprehensive income</b>	<b>1 904 945</b>	<b>2 921 110</b>	<b>(266 745)</b>	<b>(2 415 742)</b>

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October 09, 2023

**Chairman of the Management Board**

**Sergii IERMAKOV**

**Chief Accountant**

**Nataliia POTESKA**

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## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for six months ended 30 June 2023

(thousands of Ukrainian hryvnia)

				<i>Other reserves</i>			
				<i>Reserve of gains and losses on financial assets measured at fair value through other comprehensive income</i>	<i>Reserve of gains and losses from investments in equity instruments</i>	<i>Retained earnings</i>	<i>Equity</i>
	<i>Issued capital</i>	<i>Result from transactions with the shareholder</i>	<i>Revaluation surplus</i>	<i>Revaluation surplus</i>	<i>Revaluation surplus</i>	<i>Revaluation surplus</i>	<i>Revaluation surplus</i>
<b>As at 1 January 2023</b>	<b>45 570 041</b>	<b>635 104</b>	<b>1 052 303</b>	<b>(2 449 725)</b>	<b>(63 844)</b>	<b>(42 708 885)</b>	<b>2 034 994</b>
Profit for the period	–	–	–	–	–	1 968 755	1 968 755
Other comprehensive income for the period (Note 16)	–	–	–	951 704	651	–	952 355
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>951 704</b>	<b>651</b>	<b>1 968 755</b>	<b>2 921 110</b>
Increase (decrease) through other changes, equity (Note 16)	–	–	(13 587)	–	–	13 587	–
<b>As at 30 June 2023 (unaudited)</b>	<b>45 570 041</b>	<b>635 104</b>	<b>1 038 716</b>	<b>(1 498 021)</b>	<b>(63 193)</b>	<b>(40 726 543)</b>	<b>4 956 104</b>
<b>As at 1 January 2022</b>	<b>45 570 041</b>	<b>635 104</b>	<b>926 276</b>	<b>(962 130)</b>	<b>(62 775)</b>	<b>(33 653 771)</b>	<b>12 452 745</b>
Loss for the period	–	–	–	–	–	(2 526 852)	(2 526 852)
Other comprehensive income for the period (Note 16)	–	–	–	112 194	(1 084)	–	111 110
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>112 194</b>	<b>(1 084)</b>	<b>(2 526 852)</b>	<b>(2 415 742)</b>
Increase (decrease) through other changes, equity (Note 16)	–	–	(9 131)	–	–	9 131	–
<b>As at 30 June 2022 (unaudited)</b>	<b>45 570 041</b>	<b>635 104</b>	<b>917 145</b>	<b>(849 936)</b>	<b>(63 859)</b>	<b>(36 171 492)</b>	<b>10 037 003</b>

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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (direct method) for six months ended 30 June 2023**

(thousands of Ukrainian hryvnia)

		<i>For the period ended June 30</i>	
		<i>2023</i>	<i>2022</i>
	<i>Notes</i>	<i>(unaudited)</i>	
<b>Cash flows from (used in) operating activities</b>			
Interest received		10 362 841	5 388 885
Fee income received		622 608	479 219
Net (increase) / decrease from operations with financial instruments at fair value through profit or loss		671 706	80 223
Net (increase) / decrease from trading in foreign currencies		470 374	453 249
Other cash receipts from operating activities		121 921	45 427
Interest paid		(8 144 344)	(3 802 019)
Fee expenses paid		(226 666)	(134 851)
Payments to and on behalf of employees		(848 092)	(1 052 273)
Administrative expenses and other paid operating expenses		(392 333)	(312 955)
Net (increase)/decrease in securities held for trading		(971 913)	–
Net (increase)/decrease in loans and advances to banks		(192 936)	8 163 327
Net (increase)/decrease in loans and advances to customers		8 647 525	(12 072 890)
Net (increase)/decrease in other financial assets		(5 840)	(15 154)
Net (increase)/ decrease in other assets		46 786	(18 184)
Net increase/(decrease) in due to other banks		(18 566 241)	(801 124)
Net increase/(decrease) in customer accounts		40 716 656	19 434 682
Net increase/(decrease) in other financial liabilities		146 765	146 728
Net increase/(decrease) in other liabilities		(305)	(39 953)
Income taxes (paid) refund		(143)	(245 681)
<b>Net cash flows from (used in) operating activities</b>		<b>32 458 369</b>	<b>15 696 656</b>
<b>Cash flows from (used in) investing activities</b>			
Purchase of securities		(14 881 093)	(19 925 813)
Proceeds from sale of investments in securities		4 308 419	29 187 429
Cash flows from loss of control over subsidiaries or other business units		3 136	–
Proceeds from sale of property, plant and equipment		4 519	–
Purchase of property, plant and equipment		(76 185)	(102 949)
Purchase of intangible assets		–	(128)
Proceeds from sale of investment property		2 164	59 033
Dividends received		958	–
Other inflows (outflows) of cash		21 014	–
<b>Net cash flows from (used in) investing activities</b>		<b>(10 617 068)</b>	<b>9 217 572</b>
<b>Cash flows from (used in) financing activities</b>			
Receipt of other borrowed funds	5	1 373 402	208 497
Return of subordinated debt	5	(380 923)	(293 196)
Return of other borrowed funds	5	(3 335 247)	(6 831 698)
Payments of lease liabilities	5	(989)	(1 852)
Dividends paid		–	(1 364 209)
<b>Net cash flows from (used in) financing activities</b>		<b>(2 343 757)</b>	<b>(8 282 458)</b>
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes		19 497 544	16 631 770
Effect of exchange rate changes on cash and cash equivalents		901 043	472 485
Impact of expected credit losses on cash and cash equivalents		6 280	(1 731)
<b>Increase (decrease) in cash and cash equivalents</b>		<b>20 404 867</b>	<b>17 102 524</b>
<b>Cash and cash equivalents at the beginning of the period</b>	4	<b>81 386 122</b>	<b>42 882 371</b>
<b>Cash and cash equivalents at the end of the period</b>	4	<b>101 790 989</b>	<b>59 984 895</b>

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## 1. Principal activities

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

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

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

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

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

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

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

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

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

## 2. Basis of preparation and summary of significant accounting policies

### Basis of preparation of financial statements

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

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

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

During the 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 and profitability, 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 second quarter of 2023, Ukraine's economy continues to show resilience despite the ongoing full-scale military invasion of Ukraine by the Russian Federation and new challenges of the war, and is expected to grow by 2.9% this year, with further economic growth forecast to reach 3.5% in 2024. An important role in stimulating the economy will continue to be played by loose fiscal policy.

The ecocide with the destruction of the Kakhovka hydroelectric power plant dam in June 2023 has a moderate impact on the economy, namely up to 0.2 p.p. of a negative contribution to real GDP, up to 0.3 p.p. of a plus contribution to consumer inflation and a widening of the trade deficit in goods by USD 0.4 billion. This insignificant impact is due to the fact that since October 2022, Kakhovka HPP has not been operating in the Integrated Power System of Ukraine and the loss of its capacity will not affect the current year's electricity production.

Inflation decreased faster than forecast due to supply-side factors and the strengthening of the hryvnia cash exchange rate. Consumer inflation slowed to 12.8% in June from over 26% at the beginning of the year and 15.3% in May. Taking into

account the favourable dynamics of the first half of the year, the NBU has significantly improved its inflation forecast for this year from 14.8% to 10.6% and improved its forecast for 2024 from 9.6% to 8.5%. The decrease in inflation is expected to continue, although at a more moderate pace. At the same time, a longer duration/unpredictable nature and intensity of a full-scale war remains a key risk to inflationary dynamics and economic development.

Price growth will slow down due to a gradual decline in global inflation and still rather tight monetary conditions in Ukraine. At the same time, inflation will decline more slowly in the future. It will remain above the target due to the effects of the war and a significant increase in administrative prices and tariffs. Month-on-month, prices grew by 0.8%.

The favourable trends created the preconditions for starting the discount rate cut cycle earlier than the NBU had forecast in April. The NBU Board decided to cut the discount rate by 3 p.p. to 22%. It also cut the rate on overnight certificates of deposit by 2 p.p. to 18%, and the rate on refinancing loans by 3 p.p. to 24%. The rate on three-month certificates of deposit will continue to be equal to the discount rate.

The discount rate will be cut further, provided that the FX market remains stable and inflation slows over the forecast horizon.

In the second quarter of 2023, the FX shortage in the market decreased significantly due to lower energy imports and lower cash withdrawals abroad. These factors offset a decline in exports caused by the Russian Federation's shutdown of the grain corridor and trade restrictions imposed by some EU countries.

Ukraine's banking sector posted a net profit of UAH 67.6 billion, compared to a loss of UAH 4.6 million in the second quarter of 2022. The main drivers of the banking sector's profitability remain the growth of interest income, primarily from highly liquid assets, and insignificant provisioning.

Net operating profit before provisions increased by 57% to UAH 87.4 billion in the first half of 2023. The rate of allocations to provisions for losses from asset-side transactions decreased by 92% compared to the first half of last year. As of July 1, 2023, the banking sector's return on equity was 56%, compared to minus 4% a year ago. The income tax accrued for the half-year exceeded the corresponding annual figure for the historically most profitable year of 2021.

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

### **Changes in the structure of the group**

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

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

### **Changes in the accounting policies**

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

#### *IFRS 17 «Insurance contracts»*

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

discretionary participation features. There are several exceptions to the scope of the standard. IFRS 17 introduces new accounting requirements for banking products with characteristics of insurance contracts.

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

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

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

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

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

#### *Amendments to IAS 8 - "Accounting Estimates"*

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

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

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

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

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

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

### **3. Segment information**

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

Corporate banking	Business segment that focuses on servicing corporate customers and selling the products that require an individual approach and are mainly offered to corporate clients.
Medium-sized business, municipalities and utilities sector	Business segment aimed at servicing customers of municipalities and utilities sector, small and medium-sized business (including individual entrepreneurs) and the sale of products provided mainly in a standardised form (according to approved tariffs and standard procedures).

Retail banking	Business segment that focuses on servicing individuals (except individual entrepreneurs) on the full list of products, and selling products that are provided to individuals (population) mainly in a standardised form (as per the tariffs approved and the standard procedures) and generally do not require any individual approach to be applied.
Interbank and investment business	Business segment that focuses on providing services to participants in the financial markets (money, currency, stock, etc.) and on selling the products related to transactions in the financial markets.

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

For the purposes of segment reporting, income and expenses are allocated by the respective segments, including income and expenses from other segments are determined using uniform transfer rates set by the Assets and Liabilities Committee based on the cost of borrowings for the Bank, set off by difference for unallocated amounts. The difference between intersegmental expenses and income of all business lines obtained using transfer rates arises as a result of GAP between the volumes of assets and liabilities by maturity and rates, revaluation of the resource, bid/offer margin consisting of interest rate risk premium, liquidity risk premium, mandatory reserve requirement, etc.

Unallocated amounts include:

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

During the six months ended 30 June 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 2,562,976 thousand (30 June 2022: UAH 1,833,200 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 six months ended 30 June 2023:

<b>30 June 2023 (unaudited)</b>	<b>Corporate banking</b>	<b>Medium-sized business, municipalities and utilities sector</b>	<b>Retail banking</b>	<b>Interbank and investment business</b>	<b>Unallocated amounts</b>	<b>Total</b>
<b>External customers</b>						
Interest income calculated using the effective interest method	4 518 103	407 106	19 125	4 631 904	1 904	9 578 142
Other interest income	97 651	11 255	—	562 142	—	671 048
Fee income	266 405	113 875	158 702	62 932	1 712	603 626
Other income	18 607	10 051	8 030	2 995	64 327	104 010
Net income from operations in financial instruments held for trading	—	—	—	299 345	—	299 345
Net income from operations with debt financial instruments at fair value through other comprehensive income	—	—	—	3 510	—	3 510
Net profit from trading in foreign currencies	213 406	49 803	36 980	170 242	—	470 431
Net profit from foreign currency revaluation	17 739	—	—	—	—	17 739
Income on initial recognition of financial assets at interest rates above or below market	—	129	—	—	—	129

<b>30 June 2023 (unaudited)</b>	<b>Corporate banking</b>	<b>Medium-sized business, municipalities and utilities sector</b>	<b>Retail banking</b>	<b>Interbank and investment business</b>	<b>Unallocated amounts</b>	<b>Total</b>
Impairment gain determined in accordance with IFRS 9	1 200 872	103 170	9 627	–	15 374	1 329 043
Impairment gain for non-financial assets	11	11	60	–	5 424	5 506
Gain arising from derecognition of financial assets measured at amortised cost	39 522	5 799	–	–	–	45 321
Income from other segments	7 810 786	1 894 509	1 370 210	2 702 959	(13 778 464)	–
<b>Total income</b>	<b>14 183 102</b>	<b>2 595 708</b>	<b>1 602 734</b>	<b>8 436 029</b>	<b>(13 689 723)</b>	<b>13 127 850</b>
Interest expense	(4 541 167)	(1 155 788)	(631 515)	(2 400 287)	(149)	(8 728 906)
Fee expense	(58 137)	(13 405)	(116 134)	(8 506)	(30 828)	(227 010)
Net loss from operations in financial instruments at fair value through profit or loss	–	–	–	(194 917)	–	(194 917)
Net profit from trading in foreign currencies	–	–	–	–	(57)	(57)
Net loss from foreign currency revaluation	–	(1 310)	–	(209 723)	(339)	(211 372)
Losses on initial recognition of financial assets at interest rates above or below market	(70)	–	–	(286 102)	–	(286 172)
Impairment loss determined in accordance with IFRS 9	–	–	–	(192 772)	–	(192 772)
Employee benefits expenses	(267 393)	(196 765)	(141 155)	(81 097)	(181 027)	(867 437)
Amortisation	(10 405)	(12 140)	(11 088)	(1 736)	(8 788)	(44 157)
Other administrative and operating expenses	(59 437)	(29 441)	(164 502)	(11 930)	(140 985)	(406 295)
Expenses from other segments	(6 252 435)	(380 206)	(65 064)	(9 298 779)	15 996 484	–
<b>Segment results</b>	<b>2 994 058</b>	<b>806 653</b>	<b>473 276</b>	<b>(4 249 820)</b>	<b>1 944 588</b>	<b>1 968 755</b>
<b>Profit for the period</b>						<b>1 968 755</b>
<b>Assets and liabilities as at 30 June 2023 (unaudited)</b>						
Segment assets	71 499 091	4 773 676	1 576 019	176 810 566		254 659 352
Unallocated assets					4 101 109	4 101 109
<b>Total assets</b>						<b>258 760 461</b>
Segment liabilities	152 469 031	32 576 315	34 492 852	33 468 948		253 007 146
Unallocated liabilities					797 211	797 211
<b>Total liabilities</b>						<b>253 804 357</b>

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

<b>30 June 2022 (unaudited)</b>	<b>Corporate banking</b>	<b>Medium-Sized banking, municipalities and utilities sector</b>	<b>Retail banking</b>	<b>Interbank and investments business</b>	<b>Unallocated</b>	<b>Total</b>
<b>External</b>						
Interest income calculated using the effective interest method	3 202 175	353 382	9 205	2 267 066	–	5 831 828
Other interest income	98 379	16 197	–	562 175	–	676 751
Fee income	277 847	90 286	135 266	32 557	595	536 551
Other income	12 520	4 873	7 436	19 671	4 035	48 535
Net income from operations with financial instruments at fair value through profit or loss	–	–	–	1 900 720	–	1 900 720
Net income from operations with debt financial instruments measured at fair value through other comprehensive income	1 051	95	998	13 850	–	15 994
Net income from foreign currency transactions	96 851	32 678	47 763	302 761	–	480 053
Net income from foreign currency revaluation	60 344	222	–	22 313	–	82 879
Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	–	–	2 195	–	–	2 195
Gain arising from derecognition of financial	–	–	–	19 716	–	19 716

<i>30 June 2022 (unaudited)</i>	<i>Corporate banking</i>	<i>Medium-Sized banking, municipalities and utilities sector</i>	<i>Retail banking</i>	<i>Interbank and investments business</i>	<i>Unallocated</i>	<i>Total</i>
assets measured at amortised cost						
Income from other segments	2 958 548	727 613	684 714	2 414 925	(6 785 800)	–
<b>Total income</b>	<b>6 707 715</b>	<b>1 225 346</b>	<b>887 577</b>	<b>7 555 754</b>	<b>(6 781 170)</b>	<b>9 595 222</b>
Interest expense	(1 039 973)	(330 303)	(274 144)	(2 211 050)	(340)	(3 855 810)
Fee expense	(22 302)	(11 965)	(78 011)	(12 704)	(9 869)	(134 851)
Net loss from operations in financial instruments at fair value through profit or loss	–	–	–	–	(112 537)	(112 537)
Net loss from trading in foreign currencies	–	–	–	–	(26 804)	(26 804)
Net loss from revaluation of foreign currency	–	–	–	–	(1 314 570)	(1 314 570)
Losses on initial recognition of financial assets at interest rates above or below market	–	–	–	(570)	–	(570)
Impairment loss determined in accordance with IFRS 9	(4 598 870)	(227 645)	–	(424 505)	(23 875)	(5 274 895)
Personnel expenses	(255 643)	(232 969)	(180 749)	(60 192)	(262 950)	(992 503)
Amortisation	(13 233)	(15 469)	(14 284)	(2 223)	(11 145)	(56 354)
Other administrative and operating expenses	(63 686)	(51 498)	(168 112)	(18 717)	(35 725)	(337 738)
Impairment loss for non-financial assets	(1 003)	(1 173)	(7 452)	(40)	(5 796)	(15 464)
Impairment loss arising from derecognition of financial assets measured at amortised cost	(26)	–	–	–	–	(26)
Expenses from other segments	(3 635 803)	(285 341)	(43 806)	(2 539 987)	6 504 937	–
<b>Segment results</b>	<b>(2 922 824)</b>	<b>68 983</b>	<b>121 019</b>	<b>2 285 766</b>	<b>(2 079 844)</b>	<b>(2 526 900)</b>
Income tax expense						48
<b>Loss for the period</b>						<b>(2 526 852)</b>
<b>Assets and liabilities as at</b>						
<b>31 December 2022</b>						
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
<b>Total assets</b>						<b>234 164 915</b>
Segment liabilities	119 214 898	25 148 378	33 314 082	53 943 468		231 620 826
Unallocated liabilities					509 095	509 095
<b>Total liabilities</b>						<b>232 129 921</b>

## Geographical information

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

## 4. Cash and cash equivalents

Cash and cash equivalents comprise:

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
<b>Cash</b>		
Cash on hand	1 529 696	1 822 228
Current account with the National Bank of Ukraine	10 999 106	7 492 711
Correspondent accounts with banks	47 377 729	50 500 425
Overnight deposits and loans with banks	5 226 908	4 075 114
	<b>65 133 439</b>	<b>63 890 478</b>
<b>Cash equivalents</b>		
Deposit certificates issued by the National Bank of Ukraine	28 156 802	12 015 123

	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022</b>
Short term deposits classified as cash equivalents	8 551 402	5 537 234
	<b>36 708 204</b>	<b>17 552 357</b>
Less: allowance for expected credit losses	(50 654)	(56 713)
<b>Cash and cash equivalents</b>	<b>101 790 989</b>	<b>81 386 122</b>

## 5. Changes in liabilities in financial activities

Changes in liabilities in financial activities were as follows:

	<b>Other borrowed funds</b>	<b>Subordinated debt</b>	<b>Lease commitments</b>	<b>Total</b>
<b>Carrying amount at 1 January 2023</b>	<b>27 270 584</b>	<b>4 055 444</b>	<b>7 179</b>	<b>31 333 207</b>
Proceeds	1 373 402	—	—	1 373 402
Repayments	(3 335 247)	(380 923)	(989)	(3 717 159)
Translation differences	112 646	1 180	—	113 826
Other	104 710	(11 970)	(898)	91 842
<b>Carrying amount at 30 June 2023 (unaudited)</b>	<b>25 526 095</b>	<b>3 663 731</b>	<b>5 292</b>	<b>29 195 118</b>

  

	<b>Other borrowed funds</b>	<b>Subordinated debt</b>	<b>Lease commitments</b>	<b>Total</b>
<b>Carrying amount at 1 January 2022</b>	<b>28 820 004</b>	<b>3 605 597</b>	<b>6 099</b>	<b>32 431 700</b>
Proceeds	208 497	—	—	208 497
Repayments	(6 831 698)	(293 196)	(1 852)	(7 126 746)
Translation differences	1 480 115	246 670	—	1 726 785
Other	6 530	(3 664)	3 286	6 152
<b>Carrying amount at 30 June 2022 (unaudited)</b>	<b>23 683 448</b>	<b>3 555 407</b>	<b>7 533</b>	<b>27 246 388</b>

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

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

As at 30 June 2023, "Other borrowings" does not include funds in the amount of UAH 293,954 thousand attracted from Ukrainian financial institutions, which were included in the category of funds for operating activities of the consolidated statement of cash flows (31 December 2022: UAH: 30,774 thousand).

## 6. Impairment loss determined in accordance with IFRS 9

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

	<b>Stage 1 collective</b>	<b>Stage 2 collective</b>	<b>Stage 2 individual</b>	<b>Stage 3 collective</b>	<b>Stage 3 individual</b>	<b>POCI</b>	<b>Total</b>
<b>For three months ended 30 June 2023 (unaudited)</b>							
Cash and cash equivalents	(4 282)	—	—	—	—	—	(4 282)
Loans and advances to banks	2 104	—	—	—	(5)	—	2 099
Recovery of previously written-off loans and advances to banks	—	—	—	—	(70 520)	—	(70 520)

	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Stage 2 individual</i>	<i>Stage 3 collective</i>	<i>Stage 3 individual</i>	<i>POCI</i>	<i>Total</i>
Loans and advances to customers	(12 512)	(426 062)	149 113	69 680	(419 491)	(89 259)	(728 531)
Recovery of previously written-off loans and advances to customers	–	–	–	(30 880)	(105 503)	–	(136 383)
Investment securities at fair value through other comprehensive income	59 501	1 223	–	–	–	–	60 724
Investment securities at amortised cost	144 474	6 241	–	–	–	–	150 715
Other financial assets	(6 520)	–	–	–	–	–	(6 520)
Financial guarantees	(10)	(8)	–	–	–	–	(18)
Undrawn loan commitments	45 908	(775)	(65 665)	(1 274)	(2 181)	–	(23 987)
Letters of credit	105 030	–	–	–	–	–	105 030
Avals on promissory notes	10	–	–	–	–	–	10
<b>(Impairment gain and reversals of impairment loss) impairment loss determined in accordance with IFRS 9</b>	<b>333 703</b>	<b>(419 381)</b>	<b>83 448</b>	<b>37 526</b>	<b>(597 700)</b>	<b>(89 259)</b>	<b>(651 663)</b>
<b>For six months ended 30 June 2023 (unaudited)</b>							
Cash and cash equivalents	(6 280)	–	–	–	–	–	(6 280)
Loans and advances to banks	2 235	–	–	–	(5)	–	2 230
Recovery of previously written-off loans and advances to banks	–	–	–	–	(70 520)	–	(70 520)
Loans and advances to customers	63 746	(507 955)	126 923	43 592	(611 691)	(142 875)	(1 028 260)
Recovery of previously written-off loans and advances to customers	–	–	–	(34 436)	(120 869)	–	(155 305)
Investment securities at fair value through other comprehensive income	131 110	(6 217)	–	–	–	–	124 893
Investment securities at amortised cost	143 814	(66)	–	–	–	–	143 748
Other financial assets	(10 795)	–	–	–	–	–	(10 795)
Financial guarantees	120	(8)	–	–	–	–	112
Undrawn loan commitments	(86 390)	(1 143)	(60 340)	(82 409)	(1 434)	–	(231 716)
Letters of credit	95 614	–	–	–	–	–	95 614
Avals on promissory notes	8	–	–	–	–	–	8
<b>(Impairment gain and reversals of impairment loss) impairment loss determined in accordance with IFRS 9</b>	<b>333 182</b>	<b>(515 389)</b>	<b>66 583</b>	<b>(73 253)</b>	<b>(804 519)</b>	<b>(142 875)</b>	<b>(1 136 271)</b>
	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Stage 2 individual</i>	<i>Stage 3 collective</i>	<i>Stage 3 individual</i>	<i>POCI</i>	<i>Total</i>
<b>For three months ended 30 June 2022 (unaudited)</b>							
Cash and cash equivalents	4 413	–	–	–	–	–	4 413
Loans and advances to banks	302	–	(2)	–	–	–	300
Loans and advances to customers	1 137 283	291 653	212 262	114 818	260 228	642 806	2 659 050
Recovery of previously written-off assets	–	–	–	(4 638)	(19 172)	–	(23 810)
Investment securities at fair value through other comprehensive income	220 163	–	–	–	–	–	220 163
Investment securities at amortised cost	177 931	–	–	–	–	–	177 931
Other financial assets	25 404	–	–	–	–	–	25 404
Financial guarantees	370	1 720	–	(1 720)	–	–	370



	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Stage 2 individual</i>	<i>Stage 3 collective</i>	<i>Stage 3 individual</i>	<i>POCI</i>	<i>Total</i>
Undrawn loan commitments	200 913	(21 268)	(19 473)	5 196	–	–	165 368
Letters of credit	41 075	–	–	–	–	–	41 075
Avals on promissory notes	99	–	–	–	–	–	99
<b>(Impairment gain and reversals of impairment loss) impairment loss determined in accordance with IFRS 9</b>	<b>1 807 953</b>	<b>272 105</b>	<b>192 787</b>	<b>113 656</b>	<b>241 056</b>	<b>642 806</b>	<b>3 270 363</b>
<b>For six months ended 30 June 2022 (unaudited)</b>							
Cash and cash equivalents	1 731	–	–	–	–	–	1 731
Loans and advances to banks	609	–	160	–	(6)	–	763
Loans and advances to customers	1 492 308	368 438	498 171	551 642	642 805	1 066 202	4 619 566
Recovery of previously written-off assets	–	–	–	(8 917)	(47 861)	–	(56 778)
Investment securities at fair value through other comprehensive income	238 903	–	–	–	–	–	238 903
Investment securities at amortised cost	172 387	–	–	–	–	–	172 387
Other financial assets	28 148	–	–	–	–	–	28 148
Financial guarantees	(1 856)	1 720	–	(1 720)	–	–	(1 856)
Undrawn loan commitments	222 804	7 802	(13 346)	14 528	–	–	231 788
Letters of credit	37 963	–	–	–	–	–	37 963
Avals on promissory notes	85	–	–	–	–	–	85
<b>(Impairment gain and reversals of impairment loss) impairment loss determined in accordance with IFRS 9</b>	<b>2 193 082</b>	<b>377 960</b>	<b>484 985</b>	<b>555 533</b>	<b>594 938</b>	<b>1 066 202</b>	<b>5 272 700</b>

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 29,764 thousand (for the period ended 30 June 2022: (increase in impairment loss) UAH 24,123 thousand).

## 7. Loans and advances to banks

Loans and advances to banks:

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
<b>Deposits in other banks</b>	<b>858 715</b>	<b>593 472</b>
short-term	488 479	209 209
long-term	370 236	384 263
<b>Loans and advances to other banks</b>	<b>858 715</b>	<b>593 472</b>

As at 30 June 2023 loans and advances to banks include funds in the amount of UAH 94,169 thousand placed with banks of Ukraine (31 December 2022: UAH 103,861 thousand), OECD banks – UAH 320,186 thousand (31 December 2022: UAH 347,324 thousand), banks of other countries – UAH 524,828 thousand (31 December 2022: UAH 220,518 thousand).

As at 30 June 2023 loans and advances to banks are accounted for at amortised cost, except for current accounts in precious metals in the amount of UAH 99,567 thousand (31 December 2022: UAH 94,668 thousand), at fair value through profit or loss.

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

	<i>Stage 1 collective</i>	<i>Stage 3 collective</i>	<i>Stage 3 individual</i>	<i>Total</i>
<b>Allowance at 1 January 2023</b>	<b>1 790</b>	<b>71 967</b>	<b>4 474</b>	<b>78 231</b>
New assets originated or purchased	948	—	—	948
Assets completed/(repaid)	(1 444)	—	—	(1 444)
Modifications in allowances	627	—	—	627
Translation difference	5	—	—	5
<b>Allowance at 31 March 2023 (unaudited)</b>	<b>1 926</b>	<b>71 967</b>	<b>4 474</b>	<b>78 367</b>
New assets originated or purchased	3 903	—	—	3 903
Assets completed/(repaid)	(1 971)	—	—	(1 971)
Modifications in allowances	172	—	(5)	167
Translation difference	2	—	—	2
<b>Allowance at 30 June 2023 (unaudited)</b>	<b>4 032</b>	<b>71 967</b>	<b>4 469</b>	<b>80 468</b>

  

	<i>Stage 1 collective</i>	<i>Stage 2 individual</i>	<i>Stage 3 collective</i>	<i>Stage 3 individual</i>	<i>Total</i>
<b>Allowance at 1 January 2022</b>	<b>8 320</b>	—	<b>74 435</b>	<b>255 815</b>	<b>338 570</b>
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
<b>Allowance at 31 March 2022 (unaudited)</b>	<b>9 167</b>	<b>360</b>	<b>74 454</b>	<b>255 815</b>	<b>339 796</b>
New assets originated or purchased	1 058	—	—	—	1 058
Assets completed/(repaid)	(614)	—	—	—	(614)
Transfer to Stage 3	—	(358)	—	358	—
Allowances write-off	—	—	—	(255 815)	(255 815)
Modifications in allowances	(142)	(2)	—	—	(144)
Translation difference	(1)	—	(13)	—	(14)
<b>Allowance at 30 June 2022 (unaudited)</b>	<b>9 468</b>	—	<b>74 441</b>	<b>358</b>	<b>84 267</b>

## 8. Loans and advances to customers

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

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Legal entities	54 464 026	63 622 410
State entities	37 696 041	38 349 545
Individuals	1 558 207	1 630 369
	<b>93 718 274</b>	<b>103 602 324</b>
Less: reserve for expected credit losses	(18 938 196)	(21 172 463)
<b>Loans and advances to customers</b>	<b>74 780 078</b>	<b>82 429 861</b>

As at 30 June 2023 loans to state entities include loans to state administration authorities in the amount of UAH 6,904,083 thousand (as at 31 December 2022: UAH 7,074,760 thousand).

## Legal entities

The tables below show an analysis of modifications in allowance:

	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Stage 2 individual</i>	<i>Stage 3 collective</i>	<i>Stage 3 individual</i>	<i>POCI</i>	<i>Total</i>
<b>Allowance at 1 January 2023</b>	<b>677 457</b>	<b>1 066 852</b>	<b>322 225</b>	<b>2 132 004</b>	<b>8 013 288</b>	<b>5 821 766</b>	<b>18 033 592</b>
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
<b>Allowance at 31 March 2023 (unaudited)</b>	<b>538 504</b>	<b>692 525</b>	<b>275 890</b>	<b>2 213 136</b>	<b>8 493 353</b>	<b>5 840 419</b>	<b>18 053 827</b>
New assets originated or purchased	7 461	—	—	—	—	—	7 461
Assets completed/(repaid)	(5 380)	(6 544)	—	(1 498)	(53)	—	(13 475)
Transfer to Stage 1	514	(514)	—	—	—	—	—
Transfer to Stage 2	(3 887)	3 887	—	—	—	—	—
Transfer to Stage 3	(826)	(126 834)	(208 864)	127 660	208 864	—	—
Transfer to POCI	—	—	—	(1 972)	(23 048)	—	(25 020)
Result from derecognition	—	—	—	(849)	(30 585)	—	(31 434)
Interest income adjustment	—	—	—	29 905	102 661	67 378	199 944
Assets written off	—	—	—	(61 506)	(1 205 850)	(389 467)	(1 656 823)
Modifications in allowance	(55 276)	(415 622)	(25 565)	79 589	(409 025)	(81 377)	(907 276)
Modifications in the input data of macromodels	345	(1 142)	—	—	—	—	(797)
Modifications in customer category	74	—	—	—	—	—	74
Demerger of a subsidiary	(966)	—	—	—	—	—	(966)
Translation difference	1 296	4 454	—	6 346	16 646	123	28 865
<b>Allowance at 30 June 2023 (unaudited)</b>	<b>481 859</b>	<b>150 210</b>	<b>41 461</b>	<b>2 390 811</b>	<b>7 152 963</b>	<b>5 437 076</b>	<b>15 654 380</b>

  

	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Stage 2 individual</i>	<i>Stage 3 collective</i>	<i>Stage 3 individual</i>	<i>POCI</i>	<i>Total</i>
<b>Allowance at 1 January 2022</b>	<b>1 020 730</b>	<b>72 590</b>	<b>138 134</b>	<b>907 715</b>	<b>8 918 077</b>	<b>4 121 967</b>	<b>15 179 213</b>
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
<b>Allowance at 31 March 2022 (unaudited)</b>	<b>722 151</b>	<b>218 975</b>	<b>442 375</b>	<b>1 481 228</b>	<b>9 942 385</b>	<b>4 581 358</b>	<b>17 388 472</b>
New assets originated or purchased	110 251	—	—	—	—	—	110 251
Assets completed/(repaid)	(15 416)	(113)	—	(2)	—	—	(15 531)
Transfer to Stage 2	(116 350)	(506)	116 856	—	—	—	—
Transfer to Stage 3	(1 527)	(358)	—	1 895	(10)	—	—
Interest income adjustment	—	—	—	3 939	27 382	(2 079)	29 242
Assets written off	—	—	—	(118 771)	(7 580)	—	(126 351)
Modifications in allowance	(38 611)	27 864	204 533	115 678	260 228	613 479	1 183 171
Modifications in the input data of macromodels	713 944	263 492	—	—	—	—	977 436
Translation difference	(14 403)	(9 415)	(21 449)	(708)	(88 642)	(122)	(134 739)
<b>Allowance at 30 June 2022 (unaudited)</b>	<b>1 360 039</b>	<b>499 939</b>	<b>742 315</b>	<b>1 483 259</b>	<b>10 133 763</b>	<b>5 192 636</b>	<b>19 411 951</b>

## State entities

The tables below show an analysis of modifications in allowance:

	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Stage 2 individual</i>	<i>Stage 3 collective</i>	<i>Stage 3 individual</i>	<i>POCI</i>	<i>Total</i>
<b>Allowance at 1 January 2023</b>	<b>663 822</b>	<b>53 116</b>	–	<b>118 762</b>	<b>784 393</b>	–	<b>1 620 093</b>
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
<b>Allowance at 31 March 2023 (unaudited)</b>	<b>673 111</b>	–	–	<b>154 173</b>	<b>780 898</b>	–	<b>1 608 182</b>
New assets originated or purchased	1 483	–	–	–	–	–	1 483
Assets completed/(repaid)	–	–	–	(6)	–	–	(6)
Transfer to Stage 2	(15 093)	2 482	12 611	–	–	–	–
Transfer to Stage 3	(6)	–	–	(75 610)	75 616	–	–
Transfer to POCI	–	–	–	(7 666)	–	–	(7 666)
Result from derecognition	–	–	–	(8 937)	–	–	(8 937)
Interest income adjustment	–	–	–	3 230	12 349	143	15 722
Modifications in allowance	38 014	(1 716)	174 678	(4 872)	(10 413)	11 721	207 412
Modifications in the input data of macromodels	2 491	3	–	–	–	–	2 494
Modifications in customer category	(74)	–	–	–	–	–	(74)
Demerger of a subsidiary	–	–	–	(175)	–	–	(175)
Translation difference	44	–	(118)	–	–	–	(74)
<b>Allowance at 30 June 2023 (unaudited)</b>	<b>699 970</b>	<b>769</b>	<b>187 171</b>	<b>60 137</b>	<b>858 450</b>	<b>11 864</b>	<b>1 818 361</b>
	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Stage 2 individual</i>	<i>Stage 3 collective</i>		<i>POCI</i>	<i>Total</i>
<b>Allowance at 1 January 2022</b>	<b>425 092</b>	<b>163</b>	<b>342 045</b>	<b>86 406</b>		–	<b>853 706</b>
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
<b>Allowance at 31 March 2022 (unaudited)</b>	<b>736 488</b>	<b>489</b>	<b>499 739</b>	<b>82 626</b>		–	<b>1 319 342</b>
New assets originated or purchased	529	–	–	–		–	529
Assets completed/(repaid)	(7)	–	–	–		–	(7)
Transfer to Stage 3	–	(198)	–	198		–	–
Interest income adjustment	–	–	–	2 993		170	3 163
Modifications in allowance	(216 557)	–	7 729	582		(170)	(208 416)
Modifications in the input data of macromodels	581 651	314	–	–		–	581 965
Translation difference	(243)	–	–	–		–	(243)
<b>Allowance at 30 June 2022 (unaudited)</b>	<b>1 101 861</b>	<b>605</b>	<b>507 468</b>	<b>86 399</b>		–	<b>1 696 333</b>

## Individuals

The tables below show an analysis of modifications in allowance:

	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Stage 3 collective</i>	<i>POCI</i>	<i>Total</i>
<b>Allowance at 1 January 2023</b>	<b>3 796</b>	<b>4 407</b>	<b>1 510 575</b>	–	<b>1 518 778</b>
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

	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Stage 3 collective</i>	<i>POCI</i>	<i>Total</i>
Modifications in allowance	(392)	238	(3 460)	(3)	(3 617)
Translation difference	–	3	3 916	–	3 919
<b>Allowance at 31 March 2023 (unaudited)</b>	<b>3 254</b>	<b>2 251</b>	<b>1 512 822</b>	<b>–</b>	<b>1 518 327</b>
New assets originated or purchased	541	–	–	–	541
Assets completed/(repaid)	(191)	(84)	(1 018)	–	(1 293)
Transfer to Stage 1	500	(500)	–	–	–
Transfer to Stage 2	(409)	409	–	–	–
Transfer to Stage 3	(381)	(460)	841	–	–
Interest income adjustment	–	–	731	70	801
Assets written off	–	–	(57 314)	–	(57 314)
Modifications in allowance	784	106	(2 515)	1 969	344
Modifications in the input data of macromodels	(2 784)	(1 063)	–	–	(3 847)
Translation difference	–	3	7 893	–	7 896
<b>Allowance at 30 June 2023 (unaudited)</b>	<b>1 314</b>	<b>662</b>	<b>1 461 440</b>	<b>2 039</b>	<b>1 465 455</b>

	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Stage 3 collective</i>	<i>Total</i>
<b>Allowance at 1 January 2022</b>	<b>2 305</b>	<b>1 209</b>	<b>1 285 409</b>	<b>1 288 923</b>
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
<b>Allowance at 31 March 2022 (unaudited)</b>	<b>1 202</b>	<b>3 464</b>	<b>1 361 479</b>	<b>1 366 145</b>
New assets originated or purchased	798	–	–	798
Assets completed/(repaid)	(76)	(82)	(241)	(399)
Transfer to Stage 1	264	(264)	–	–
Transfer to Stage 2	(65)	102	(37)	–
Transfer to Stage 3	(620)	–	620	–
Interest income adjustment	–	–	544	544
Assets written off	–	–	(16 543)	(16 543)
Modifications in allowance	(797)	(1 410)	(1 199)	(3 406)
Modifications in the input data of macromodels	1 574	1 588	–	3 162
Translation difference	–	(3)	(8 531)	(8 534)
<b>Allowance at 30 June 2022 (unaudited)</b>	<b>2 280</b>	<b>3 395</b>	<b>1 336 092</b>	<b>1 341 767</b>

## Modified loans

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

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

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

	<i>For the period ended June 30</i>	
	<i>2023</i>	<i>2022</i>
	<i>(unaudited)</i>	
<b>Loans to customers modified during the period</b>		
Amortised cost before modification	1 621 385	1 035 666
Net modification loss	(17 233)	(1 619)

#### **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 half of 2023 due to the impact of the war is UAH 1,153,654.8 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:

	<i>30 June</i>	
	<i>2023</i>	<i>31 December</i>
	<i>(unaudited)</i>	<i>2022</i>
Investment securities at fair value through profit or loss	26 902 332	26 961 581
Investment securities at fair value through other comprehensive income	23 971 183	12 543 679
Investment securities at amortised cost	22 131 317	22 092 656

	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022</b>
Securities held for trading	1 893 783	888 792
<b>Investments in securities</b>	<b>74 898 615</b>	<b>62 486 708</b>

#### Investment securities at fair value through profit or loss

As at 30 June 2023 investment securities at FVPL with the carrying amount of UAH 26,902,332 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 30 June 2023 securities held for trading are represented by Ukrainian state bonds with the carrying amount of UAH 1,893,783 thousand (31 December 2022: UAH 888,792 thousand).

As at 30 June 2023 the state bonds with a carrying amount of UAH 10,534,780 thousand are pledged as collateral on loans received from the NBU (31 December 2022: UAH 10,546,640 thousand) (Note 13).

During the six months ended 30 June 2023, the Bank recognised loss from revaluation of investment securities at fair value through profit or loss in the amount of UAH 56,161 thousand, which is included in "Net income/(loss) from operations in financial instruments at fair value through profit or loss" (30 June 2022: loss in the amount of UAH 112,537 thousand).

#### Investment securities at fair value through other comprehensive income

	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022</b>
Ukrainian state bonds	23 948 353	12 521 500
Corporate shares	22 830	22 179
<b>Investment securities at fair value through other comprehensive income</b>	<b>23 971 183</b>	<b>12 543 679</b>

As at 30 June 2023 Ukrainian state bonds with carrying amount of UAH 6,343,275 thousand are pledged as collateral for loans received from the NBU (31 December 2022: UAH 6,629,543 thousand) (Note 13).

As at 30 June 2023 Ukrainian state bonds with carrying amount of UAH 529,576 thousand are pledged as collateral for loans received from other financial institutions (31 December 2022: UAH 63,729 thousand) (Note 14).

As at 30 June 2023 Ukrainian state bonds with carrying amount of UAH 1,451,747 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:

	<b>Stage 1 collective</b>	<b>Stage 2 collective</b>	<b>Total</b>
<b>Allowance at 1 January 2023</b>	<b>28 706</b>	<b>259 422</b>	<b>288 128</b>
New assets originated or purchased	99 128	–	99 128
Assets repaid	(27 899)	–	(27 899)
Modifications in allowance	380	(7 440)	(7 060)

	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Total</i>
Sold assets	(1 284)	(2 630)	(3 914)
<b>Allowance at 31 March 2023 (unaudited)</b>	<b>99 031</b>	<b>249 352</b>	<b>348 383</b>
New assets originated or purchased	61 530	–	61 530
Modifications in allowance	(2 029)	1 223	(806)
Sold assets	–	(2)	(2)
<b>Allowance at 30 June 2023 (unaudited)</b>	<b>158 532</b>	<b>250 573</b>	<b>409 105</b>

	<i>Stage 1 collective</i>
<b>Allowance at 1 January 2022</b>	<b>39 108</b>
New assets originated or purchased	19 705
Assets repaid	(932)
Modifications in allowance	(33)
Sold assets	(4 141)
Translation difference	148
<b>Allowance at 31 March 2022 (unaudited)</b>	<b>53 855</b>
New assets originated or purchased	1 242
Assets repaid	(1 499)
Modifications in allowance	220 420
Sold assets	(4 192)
Translation difference	(54)
<b>Allowance at 30 June 2022 (unaudited)</b>	<b>269 772</b>

#### Investment securities at amortised cost

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Ukrainian state bonds	13 883 003	13 704 594
Corporate bonds	8 564 969	8 559 137
Municipal bonds	225 230	225 400
	<b>22 673 202</b>	<b>22 489 131</b>
Less: allowance for expected credit losses	(541 885)	(396 475)
<b>Investment securities at amortised cost</b>	<b>22 131 317</b>	<b>22 092 656</b>

As at 30 June 2023 state bonds with carrying amount of UAH 6,721,407 thousand are pledged as collateral on loans received from the NBU (31 December 2022: UAH 6,722,983 thousand) (Note 13).

As at 30 June 2023 corporate bonds with carrying amount of UAH 8,464,320 thousand are pledged as collateral on loans received from the NBU (31 December 2022: UAH 8,461,960 thousand) (Note 13).

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



	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Total</i>
<b>Allowance at 1 January 2023</b>	<b>114 272</b>	<b>282 203</b>	<b>396 475</b>
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
<b>Allowance at 31 March 2023 (unaudited)</b>	<b>115 896</b>	<b>275 896</b>	<b>391 792</b>
New assets originated or purchased	–	–	–
Assets repaid	–	–	–
Modifications in allowance	144 474	6 241	150 715
Translation difference	(622)	–	(622)
<b>Allowance at 30 June 2023 (unaudited)</b>	<b>259 748</b>	<b>282 137</b>	<b>541 885</b>

	<i>Stage 1 collective</i>
<b>Allowance at 1 January 2022</b>	<b>46 938</b>
New assets originated or purchased	9 213
Assets repaid	(14 572)
Modifications in allowance	(185)
Translation difference	1 548
<b>Allowance at 31 March 2022 (unaudited)</b>	<b>42 942</b>
Assets repaid	(14 019)
Modifications in allowance	191 950
Translation difference	(606)
<b>Allowance at 30 June 2022 (unaudited)</b>	<b>220 267</b>

## 10. Other financial assets and other financial liabilities

Other financial assets comprise:

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Transit accounts on operations with payment cards	277 574	271 219
Other accrued income	151 904	162 950
Accounts receivable on operations with customers	82 148	84 632
Accrued service fee on financial guarantees issued	70 813	82 137
Other	4	733
	<b>582 443</b>	<b>601 671</b>
Less: allowance for expected credit losses	(139 308)	(149 704)
<b>Total other financial assets</b>	<b>443 135</b>	<b>451 967</b>

Other financial liabilities include:

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Transit accounts on operations with customers	523 482	387 806
Transit accounts on operations with payment cards	167 158	170 777

	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022</b>
Accrued expenses	28 748	17 164
Liabilities on financial guarantees issued	9 512	12 902
Lease commitments	5 292	7 179
Other	3 711	4 988
<b>Total other financial liabilities</b>	<b>737 903</b>	<b>600 816</b>

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

	<b>Stage 1 collective</b>
<b>Allowance at 1 January 2023</b>	<b>149 704</b>
New assets originated or purchased	7 220
Assets completed/(repaid)	(8 016)
Modifications in allowance	(3 479)
Translation difference	312
<b>Allowance at 31 March 2023 (unaudited)</b>	<b>145 741</b>
New assets originated or purchased	10 390
Assets completed/(repaid)	(19 959)
Modifications in allowance	3 049
Translation difference	87
<b>Allowance at 30 June 2023 (unaudited)</b>	<b>139 308</b>
	<b>Stage 1 collective</b>
<b>Allowance at 1 January 2022</b>	<b>86 466</b>
New assets originated or purchased	5 212
Assets completed/(repaid)	(5 750)
Modifications in allowance	3 282
Translation difference	2 427
<b>Allowance at 31 March 2022 (unaudited)</b>	<b>91 637</b>
New assets originated or purchased	12 954
Assets completed/(repaid)	(6 431)
Modifications in allowance	18 881
Assets written off	(5 952)
Translation difference	(668)
<b>Allowance at 30 June 2022 (unaudited)</b>	<b>110 421</b>

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

Other non-financial assets include:

	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022</b>
Advance payments	116 602	146 755
Cash, which availability is not confirmed	44 337	44 237
Inventories	35 200	34 167
Other tax assets, except those related to income tax	18 068	22 707
Reposessed pledged property	2 460	5 791
Other	1 918	2 453
	<b>218 585</b>	<b>256 110</b>

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Less: allowance for impairment	(113 072)	(118 396)
<b>Other nonfinancial assets</b>	<b>105 513</b>	<b>137 714</b>

Other non-financial liabilities include:

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Accrued unused vacations	203 373	183 963
Payables to the Individual Deposit Guarantee Fund	64 828	63 305
Payables on taxes and mandatory contributions, except for income tax	32 565	22 074
Accrued salary	28 263	28 784
Deferred income	23 604	25 982
Payables on the Bank's business activities	3 605	9 713
Other	204	152
<b>Other nonfinancial assets</b>	<b>356 442</b>	<b>333 973</b>

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

<b>Allowance at 1 January 2023</b>	<b>118 396</b>
Reversal	(5 852)
Translation difference	128
<b>Allowance at 31 March 2023 (unaudited)</b>	<b>112 672</b>
Accrued	346
Translation difference	54
<b>Allowance at 30 June 2023 (unaudited)</b>	<b>113 072</b>
<b>Allowance at 1 January 2022</b>	<b>69 599</b>
Accrued	28 368
Translation difference	2 018
<b>Allowance at 31 March 2022 (unaudited)</b>	<b>99 985</b>
Reversal	(12 904)
Translation difference	(303)
<b>Allowance at 30 June 2022 (unaudited)</b>	<b>86 778</b>

## 12. Derivative financial instruments

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

### *Currency swap*

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

### *Interest rate swap*

The Bank enters into agreements with the NBU for the exchange of interest payments, which are calculated at different rates, but taking into account one notional amount during the agreement validity. The notional amount of loans (granted and

borrowed) under the interest rate swap is used exclusively for interest calculations and is not transferred between the parties to the agreement.

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

	<i>Notional amount</i>		<i>Fair value</i>	
	<i>Assets</i>	<i>Liabilities</i>	<i>Assets</i>	<i>Liabilities</i>
Currency swap	4 663 598	4 660 091	–	3 507
Interest rate swap	8 397 406	8 397 406	1 497 445	–

As at 31 December 2022 the notional amounts are:

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

As at 30 June 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 1,451,747 thousand (31 December 2022: UAH 967,193 thousand) (Note 9).

During the six months ended 30 June 2023, the Bank recognised loss from revaluation of derivative financial instruments in the amount of UAH 138,756 thousand (30 June 2022: income in the amount of UAH 1,900,720 thousand), which is included in "Net income/(loss) from operations in financial instruments at fair value through profit or loss".

### 13. Due to other banks

Due to banks comprise:

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
<b>Amount due to the National Bank of Ukraine</b>		
Loans from the National Bank of Ukraine	–	18 468 854
	–	<b>18 468 854</b>
<b>Amounts due to banks</b>		
Current accounts	2 693 429	3 491 381
Loans and deposits	144 994	152 308
Other amounts due to credit institutions	546 340	46 095
	<b>3 384 763</b>	<b>3 689 784</b>
<b>Amounts due to banks</b>	<b>3 384 763</b>	<b>22 158 638</b>

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

### 14. Other borrowed funds

Other borrowed funds include:

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Loans from international financial institutions	22 425 965	23 400 194
Issued Eurobonds	3 100 130	3 870 390
Loans of other financial institutions	293 954	30 774
<b>Other borrowed funds</b>	<b>25 820 049</b>	<b>27 301 358</b>

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).

As at 30 June 2023 Loan debt to the EDF is secured by investment securities – state bonds with a carrying amount of UAH 529,576 thousand (31 December 2022: UAH 63,729 thousand) (Note 9).

#### Issued Eurobonds

	<i>30 June 2023</i> <i>(unaudited)</i>			<i>31 December 2022</i>		
	<i>Debt balance</i> <i>(thous.)</i>	<i>Currency</i>	<i>Carrying amount</i>	<i>Debt balance</i> <i>(thous.)</i>	<i>Currency</i>	<i>Carrying amount</i>
Issue of January 2013	67 611	USD	2 583 442	84 513	USD	3 225 325
Issue of April 2013	13 522	USD	516 688	16 903	USD	645 065
<b>Issued Eurobonds</b>			<b>3 100 130</b>			<b>3 870 390</b>

## 15. Customer accounts

Customer accounts comprise:

	<i>30 June</i> <i>2023</i> <i>(unaudited)</i>	<i>31 December</i> <i>2022</i>
Current accounts:		
- Legal entities	81 649 980	59 393 337
- Budget financed organizations	42 618 055	51 054 029
- Individuals	9 257 766	10 193 028
	<b>133 525 801</b>	<b>120 640 394</b>
Time deposits:		
- Legal entities	53 154 899	26 035 709
- Individuals	23 333 274	21 319 569
- Budget financed organizations	413 656	-
	<b>76 901 829</b>	<b>47 355 278</b>
Demand deposits:		
- Legal entities	7 512 417	7 784 366
- Individuals	1 509 836	1 367 387
	<b>9 022 253</b>	<b>9 151 753</b>
<b>Customer accounts</b>	<b>219 449 883</b>	<b>177 147 425</b>
Held as security against guarantees and avals (Note 17)	2 205 440	3 196 199
Held as security against letters of credit (Note 17)	1 178 343	578 870
Held as security against loans to customers (Note 8)	926 682	1 306 263
Held as security against undrawn loan commitments (Note 17)	5 061	2 589

As at 30 June 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 70,293 thousand (31 December 2022: UAH 66,457 thousand). The change in the fair value of funds raised in gold, which is due to changes in credit risk, as of 30 June 2023 is not available (31 December 2022: not available).

## 16. Equity

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

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

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

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

### Movements in other reserves

Movements in other reserves were as follows:

	<i>Property revaluation reserve</i>	<i>Reserve of gains and losses on financial assets measured at fair value through other comprehensive income</i>	<i>Reserve of gains and losses from investments in equity instruments</i>	<i>Other reserves</i>
<b>At 1 January 2022</b>	<b>926 276</b>	<b>(962 130)</b>	<b>(62 775)</b>	<b>(98 629)</b>
Depreciation of revaluation reserve, net of tax	(9 131)	–	–	(9 131)
Net (losses)/gains on investment securities at fair value through other comprehensive income, including:	–	112 194	(1 084)	111 110
Expenses on expected credit losses on investment securities at fair value through other comprehensive income	–	238 903	–	238 903
Net realised gains from operations with debt financial instruments measured at fair value through other comprehensive income	–	(15 994)	–	(15 994)
Net unrealised (losses) / gains on investment securities at fair value through other comprehensive income	–	(110 715)	(1 084)	(111 799)
Income tax related to components of other comprehensive income	–	–	–	–
<b>As at 30 June 2022 (unaudited)</b>	<b>917 145</b>	<b>(849 936)</b>	<b>(63 859)</b>	<b>3 350</b>
<b>As at 1 January 2023</b>	<b>1 052 303</b>	<b>(2 449 725)</b>	<b>(63 844)</b>	<b>(1 461 266)</b>
Depreciation of revaluation reserve, net of tax	(13 587)	–	–	(13 587)
Net (losses)/gains on investment securities at fair value through other comprehensive income, including:	–	951 704	651	952 355
Expenses for expected credit losses on investment	–	124 893	–	124 893

	<i>Property revaluation reserve</i>	<i>Reserve of gains and losses on financial assets measured at fair value through other comprehensive income</i>	<i>Reserve of gains and losses from investments in equity instruments</i>	<i>Other reserves</i>
securities at fair value through other comprehensive income				
Net realised gains from operations with debt financial instruments at fair value through other comprehensive income	–	(3 510)	–	(3 510)
Net unrealised (losses) / gains on investment securities at fair value through other comprehensive income	–	830 321	651	830 972
Income tax related to components of other comprehensive income	–	–	–	–
<b>As at 30 June 2023 (unaudited)</b>	<b>1 038 716</b>	<b>(1 498 021)</b>	<b>(63 193)</b>	<b>(522 498)</b>

## 17. Loan commitments

### Loan commitments and financial guarantee contracts

Loan commitments and financial guarantee contracts of the Bank comprise:

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Undrawn loan commitments	14 560 979	24 309 454
Financial guarantees	3 754 724	3 393 212
Letters of credit	3 704 358	1 367 304
Avals on promissory notes	588 061	339 993
	<b>22 608 122</b>	<b>29 409 963</b>
Provisions	(387 113)	(520 007)
Cash held as security against letters of credit, avals, finance guarantees and loan commitments (Note 15)	(2 001 842)	(2 443 037)

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

	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Stage 2 individual</i>	<i>Stage 3 collective</i>	<i>Stage 3 individual</i>	<i>Total</i>
<b>Provision for credit- related commitments as at 1 January 2023</b>	<b>318 330</b>	<b>5 330</b>	<b>59 380</b>	<b>94 144</b>	<b>1 434</b>	<b>478 618</b>
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	–	–

	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Stage 2 individual</i>	<i>Stage 3 collective</i>	<i>Stage 3 individual</i>	<i>Total</i>
Modifications in allowance	23 522	60	5 325	(436)	1 308	29 779
Translation differences	(4)	–	–	1 817	–	1 813
<b>Provision for credit-related commitments at 31 March 2023 (unaudited)</b>	<b>186 504</b>	<b>1 439</b>	<b>65 370</b>	<b>17 208</b>	<b>2 181</b>	<b>272 702</b>
New liabilities originated or purchased	103 863	–	–	–	–	103 863
Liabilities completed/(settled)	(71 779)	(578)	(65 370)	(14 513)	(3 053)	(155 293)
Transfer to Stage 1	1 282	(826)	–	(456)	–	–
Transfer to Stage 2	(1 475)	270	1 205	–	–	–
Transfer to Stage 3	(43 159)	(56)	–	43 215	–	–
Modifications in allowance	15 985	(120)	(295)	13 239	872	29 681
Modifications in the input data of macromodels	(2 161)	(77)	–	–	–	(2 238)
Translation differences	316	–	–	–	–	316
<b>Provision for credit-related commitments at 30 June 2023 (unaudited)</b>	<b>189 376</b>	<b>52</b>	<b>910</b>	<b>58 693</b>	<b>–</b>	<b>249 031</b>

	<i>Stage 1 collective</i>	<i>Stage 2 collective</i>	<i>Stage 2 individual</i>	<i>Stage 3 collective</i>	<i>Total</i>
<b>Provision for credit-related commitments as at 1 January 2022</b>	<b>248 247</b>	<b>76</b>	–	<b>593</b>	<b>248 916</b>
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
<b>Provision for credit-related commitments at 31 March 2022 (unaudited)</b>	<b>217 900</b>	<b>34 945</b>	<b>60 638</b>	<b>10 393</b>	<b>323 876</b>
New liabilities originated or purchased	82 596	–	–	–	82 596
Liabilities completed/(settled)	(77 720)	(781)	(28 739)	(2 658)	(109 898)
Transfer to Stage 1	47	(21)	–	(26)	–
Transfer to Stage 2	(4 748)	553	4 195	–	–
Transfer to Stage 3	(70)	(172)	–	242	–
Modifications in allowance	(58 535)	(26 783)	9 267	7 854	(68 197)
Modifications in the input data of macromodels	254 571	6 296	–	–	260 867
Translation differences	(1 770)	(1 670)	–	–	(3 440)
<b>Provision for credit-related commitments at 30 June 2022 (unaudited)</b>	<b>412 271</b>	<b>12 367</b>	<b>45 361</b>	<b>15 805</b>	<b>485 804</b>

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.

	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022</b>
Performance guarantees	4 870 494	6 166 559
Provisions	(966)	(2 307)
Cash held as security against performance guarantees (Note15)	(1 387 002)	(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:

	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022</b>		<b>30 June 2023 (unaudited)</b>	<b>31 December 2022</b>
<i>Liability type</i>	<i>Liability amount</i>		<i>Asset type</i>	<i>Asset carrying amount</i>	
NBU refinancing loans	—	18 468 854	Ukrainian state bonds at fair value through profit or loss	10 534 780	10 546 640
			Ukrainian state bonds at fair value through other comprehensive income	6 343 275	6 629 543
			Ukrainian state bonds at amortised cost	6 721 407	6 722 983
			Corporate bonds	8 464 320	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	1 451 747	967 193
Loan from the Entrepreneurship Development Fund	293 954	30 774	Ukrainian state bonds at fair value through other comprehensive income	529 576	63 729

## 18. Employee benefits expense and other administrative and operating expenses

Employee benefits expense and other administrative and operating expenses comprise:

	2023		2022	
	<i>for three months ended 30 June</i>	<i>for six months ended 30 June</i>	<i>for three months ended 30 June</i>	<i>for six months ended 30 June</i>
	<i>(unaudited)</i>			
Salaries and bonuses	370 479	734 273	320 137	841 229
Mandatory contributions to the state funds	67 227	133 164	58 873	151 274
<b>Employee benefits expense</b>	<b>437 706</b>	<b>867 437</b>	<b>379 010</b>	<b>992 503</b>
Payables to the Individual Deposit Guarantee Fund	64 828	127 418	52 387	103 919
Repair and maintenance of property, plant and equipment	33 328	59 345	21 411	44 007
Modifications in financial assets	22 681	23 009	(78)	5 012
Security	17 042	34 144	20 598	36 193
Maintenance of premises	14 642	36 726	12 063	29 589
Expenses for computer processing of information	13 940	22 789	7 252	13 585
Operating taxes	10 505	18 796	8 608	16 579
Legal and advisory services	8 100	11 493	6 158	7 776
Expenses for cash collection	6 495	11 592	3 069	7 222
Communication services	4 483	7 293	4 632	6 248
Business expenses	3 751	6 811	3 710	6 471
Rent of premises	3 286	5 993	2 332	4 768
Marketing and advertising	2 320	4 002	2 779	6 660
Business travel and related expenses	1 673	2 283	484	786
Representative offices expenses	897	1 733	806	1 685
Results from sale of investment real estate	—	—	—	10 900
Guarantee performance impairment losses / (reversal of losses)	(368)	(1 342)	412	382
Other	21 946	34 210	17 926	35 956
<b>Other administrative and operating expenses</b>	<b>229 549</b>	<b>406 295</b>	<b>164 549</b>	<b>337 738</b>

Expenses for payment to the non-state pension fund for the period ended 30 June 2023 amount to UAH 483 thousand (30 June 2022: UAH 635 thousand).

## 19. Fair value of assets and liabilities

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

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

	30 June 2023 (unaudited)			31 December 2022		
	<i>Carrying amount</i>	<i>Fair value</i>	<i>Unrecognised gain/(loss)</i>	<i>Carrying amount</i>	<i>Fair value</i>	<i>Unrecognised gain/(loss)</i>
<b>Financial assets</b>						
Cash and cash equivalents	101 790 989	101 790 989	—	81 386 122	81 386 122	—
Loans and advances to banks	759 148	759 148	—	498 804	498 804	—
Loans and advances to	74 780 078	73 179 752	(1 600 326)	82 429 861	80 947 706	(1 482 155)

	<b>30 June 2023</b> <b>(unaudited)</b>			<b>31 December 2022</b>		
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Unrecognised gain/(loss)</b>	<b>Carrying amount</b>	<b>Fair value</b>	<b>Unrecognised gain/(loss)</b>
customers						
Investment securities at amortised cost	22 131 317	21 346 685	(784 632)	22 092 656	19 887 489	(2 205 167)
Other financial assets	443 135	443 135	–	451 967	451 967	–
<b>Financial liabilities</b>						
Due to other banks	3 384 763	3 384 763	–	22 158 638	22 158 638	–
Customer accounts	219 379 590	219 290 546	89 044	177 080 968	177 112 933	(31 965)
Other borrowed funds	25 820 049	25 390 080	429 969	27 301 358	24 931 949	2 369 409
<i>Incl. Eurobonds issued</i>	<i>3 100 130</i>	<i>2 670 161</i>	<i>429 969</i>	<i>3 870 390</i>	<i>1 500 981</i>	<i>2 369 409</i>
Subordinated debt	3 663 731	2 624 382	1 039 349	4 055 444	1 458 128	2 597 316
Other financial liabilities	737 903	737 903	–	600 816	600 816	–
<b>Total unrecognised changes in unrealised fair value</b>			<b>(826 596)</b>			<b>1 247 438</b>

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:

<b>As at 30 June 2023</b> <b>(unaudited)</b>	<b>Fair value</b> <b>recurring measurements</b>		
	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Current accounts with banks in precious metals	99 567	–	99 567
Investment securities at fair value through profit or loss	–	26 902 332	26 902 332
Securities held for trading	1 893 783	–	1 893 783
Investment securities at fair value through other comprehensive income	23 948 353	22 830	23 971 183
Derivative financial assets	1 497 445	–	1 497 445
<b>Total assets</b>	<b>27 439 148</b>	<b>26 925 162</b>	<b>54 364 310</b>
Amounts due to customers in precious metals	70 293	–	70 293
Derivative financial liabilities	3 507	–	3 507
<b>Total liabilities</b>	<b>73 800</b>	<b>–</b>	<b>73 800</b>

<i>As at 31 December 2022</i>	<i>Fair value recurring measurements</i>		
	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
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
<b>Total assets</b>	<b>15 829 582</b>	<b>26 983 760</b>	<b>42 813 342</b>
Amounts due to customers in precious metals	66 457	–	66 457
Derivative financial liabilities	9 810	–	9 810
<b>Total liabilities</b>	<b>76 267</b>	<b>–</b>	<b>76 267</b>

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:

	<i>At 1 January 2023</i>	<i>Gain/(loss) recognised in the consolidated statement of profit and loss</i>	<i>Gain/(loss) recognised in the consolidated statement of comprehensive income</i>	<i>Settlements</i>	<i>As at 30 June 2023 (unaudited)</i>
Investment securities at fair value through profits and losses	26 961 581	505 981 <sup>(a)</sup>	–	(565 230) <sup>(c)</sup>	26 902 332
Investment securities at fair value through other comprehensive income	22 179	–	651	–	22 830
<b>Total assets</b>	<b>26 983 760</b>	<b>505 981</b>	<b>651</b>	<b>(565 230)</b>	<b>26 925 162</b>

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

(a) Gain in the amount of UAH 505,981 thousand include: loss in the amount of UAH 56,161 thousand of revaluation of investment securities at fair value through profit or loss, which is included in "Net gain / (loss) from transactions with financial instruments at fair value through profit or loss" and income in the amount of UAH 562,142 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 565,230 thousand include: UAH 565,230 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).

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

	<b>At 30 June 2023 (unaudited)</b>		
	<b>Realised gains</b>	<b>Unrealised gains</b>	<b>Total</b>
Investment securities at fair value through profit or loss	337 159	168 822	505 981

  

	<b>At 30 June 2022 (unaudited)</b>		
	<b>Realised gains</b>	<b>Unrealised gains</b>	<b>Total</b>
Investment securities at fair value through profit or loss	341 211	108 428	449 639

The tables below provides quantitative information as at 30 June 2022 and 31 December 2021 on significant unobservable market inputs used to determine the fair value of assets classified as level 3 of hierarchy of the fair value sources:

<b>At 30 June 2023 (unaudited)</b>	<b>Carrying amount</b>	<b>Valuation technique</b>	<b>Unobservable parameter</b>	<b>Range of parameter values, %</b>
Investment securities at fair value through other comprehensive income	22 830	Discounted cash flows	Expected profitability	13,9
Investment securities at fair value through profit or loss	26 902 332	Garman-Kohlhagen model	Historical volatility of UAH/USD exchange rate	25,150

  

<b>At 31 December 2022</b>	<b>Carrying amount</b>	<b>Valuation technique</b>	<b>Unobservable parameter</b>	<b>Range of parameter values, %</b>
Investment securities at fair value through other comprehensive income	22 179	Discounted cash flows	Expected profitability	13,9
Investment securities at fair value through profit or loss	26 961 581	Garman-Kohlhagen model	Historical volatility of UAH/USD exchange rate	25,863

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

As at 30 June 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 3,196.23 thousand/ decrease by UAH 3,102.82 thousand (30 June 2022: will increase by UAH 14,197 thousand/ decrease by UAH 14,001 thousand).

As at 30 June 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 +63.82 percentage points. The effect of such changes in the volatility of the rate on Ukrainian state bonds with an indexed value is UAH 409,979.02 thousand and will increase profits (30 June 2022: assumptions about the impact of changes in exchange rate volatility as at 30 June 2022 when estimating the fair value of investment securities at fair value through profit or loss are estimated by the Bank at +76.44 percentage points. The effect of such changes in the volatility of the rate on Ukrainian state bonds with an indexed value is UAH 1,364,073.55 thousand and will increase profits).

## 20. Related party transactions

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

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

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

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

	<b>Key management personnel</b>	
	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022</b>
<b>Loans and advances to customers, gross</b>	<b>622</b>	<b>4 295</b>
Less: allowance for impairment	(10)	(311)
<b>Loans and advances to customers, net</b>	<b>612</b>	<b>3 984</b>
Other financial assets	15	16
Current accounts	12 618	19 426
Time deposits	4 021	8 096
<b>Customer accounts</b>	<b>16 639</b>	<b>27 522</b>
Other non-financial liabilities	8	15

  

	<b>For the period ended 30 June</b>	
	<b>2023 (unaudited)</b>	<b>2022</b>
Interest income on loans	57	107
Interest expenses on customer deposits	(139)	(49)
Fee income	109	157
Translation differences	26	(40)

During the six months ended 30 June 2023, the total amount of remuneration and other payments to key management personnel amounted to UAH 55,472 thousand (payments to the non-state pension fund – UAH 25 thousand) (30 June 2022: UAH 52,495 thousand, payments to the non-state pension fund – UAH 34 thousand).

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

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

<i>Client</i>	<i>Sector</i>	<i>Cash and cash equivalents</i>	<i>Loans and advances to customers</i>	<i>Derivative financial assets</i>	<i>Due to other banks</i>	<i>Customer accounts</i>	<i>Guarantees issued</i>
Client 1	State entities	—	—	—	—	30 324 743	—
Client 2	State entities	—	—	—	—	7 194 366	—
Client 3	Finance	39 157 538	—	1 497 445	—	—	—
Client 4	Finance	—	—	—	387 971	—	—
Client 5	Finance	—	—	—	293 954	—	—
Client 6	Finance	—	—	—	216 294	—	—
Client 7	Extractive industry	—	5 394 364	—	—	4 554 800	—
Client 8	Extractive industry	—	6 709 158	—	—	—	—
Client 9	Power engineering	—	6 806 918	—	—	—	—
Client 10	Power engineering	—	—	—	—	3 952 995	1 408 028
Client 11	Power engineering	—	3 759 843	—	—	—	—
Client 12	Mechanical engineering	—	—	—	—	6 175 812	—
Client 13	Mechanical engineering	—	2 040 096	—	—	—	—
Client 14	Road construction	—	6 904 083	—	—	—	—
Client 15	Transport and communications	—	947 880	—	—	4 433 317	—
Client 16	Trade	—	—	—	—	—	2 075 752
Client 17	Trade	—	—	—	—	—	1 905 585
Client 18	Professional, scientific and technical activities	—	913 498	—	—	2 054 567	—
Other		—	2 401 840	—	—	30 422 463	—

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

<i>Client</i>	<i>Sector</i>	<i>Cash and cash equivalents</i>	<i>Loans and advances to customers</i>	<i>Derivative financial assets</i>	<i>Due to other banks</i>	<i>Customer accounts</i>	<i>Guarantees issued</i>
Client 1	State entities	—	—	—	—	30 215 357	—
Client 2	State entities	—	—	—	—	15 645 416	—
Client 3	Finance	19 507 835	—	2 307 813	18 468 854	—	—
Client 7	Extractive industry	—	5 481 858	—	—	2 354 906	—
Client 8	Extractive industry	—	6 721 052	—	—	—	—
Client 9	Power engineering	—	6 961 186	—	—	—	—
Client 11	Power engineering	—	3 759 120	—	—	—	—
Client 10	Power engineering	—	—	—	—	—	1 408 028
Client 14	Road construction	—	7 074 760	—	—	—	—
Client 12	Mechanical engineering	—	—	—	—	2 386 483	—
Client 13	Mechanical engineering	—	2 010 301	—	—	—	109 966
Client 16	Trade	—	—	—	—	—	2 137 608
Client 17	Trade	—	—	—	—	—	1 928 076
Client 19	Professional, scientific and technical activities	—	—	—	—	2 085 880	—
Client 18	Professional, scientific and technical activities	—	902 615	—	—	—	—
Client 15	Transport and communications	—	1 099 474	—	—	—	—
Other		—	2 719 086	—	408 603	23 260 180	—

During the six months ended 30 June 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 4,038,894 thousand (30 June 2022: UAH 1,885,627 thousand) of interest income, including for transactions with NBU deposit certificates for up to 90 days – UAH 1,633,714 thousand (30 June 2022: UAH 286,599 thousand), as well as UAH 3,411,679 thousand (30 June 2022: UAH 2,007,978 thousand) of interest expenses.

As at 30 June 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 74,577,327 thousand (31 December 2022: UAH 62,168,561 thousand), and were as follows:

	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022</b>
Investment securities at fair value through profit or loss	26 902 332	26 961 581
Investment securities at fair value through other comprehensive income	23 968 170	12 540 558
Investment securities at amortised cost	21 813 042	21 777 630
Securities held for trade	1 893 783	888 792

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

During the six months ended 30 June 2023, the Bank recognised UAH 2,562,976 thousand (30 June 2022: UAH 1,833,200 thousand) of interest income on transactions with other investment securities UAH 419,474 thousand (30 June 2022: UAH 677,064 thousand) of interest income.

## 21. Capital adequacy

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

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

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

### NBU capital adequacy ratio

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

Starting from October 2022, the bank's capital ratios 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:

	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022</b>
Main capital	3 513 517	3 896 200
Additional capital, calculated	3 856 210	3 981 895
Additional capital, included in calculation of total capital (limited to main capital)	3 490 688	3 874 021



<b>Total regulatory capital</b>	<b>7 004 205</b>	<b>7 770 221</b>
<b>Risk weighted assets</b>	<b>89 557 210</b>	<b>101 447 519</b>
Main capital adequacy ratio	3,92%	3,84%
Regulatory capital adequacy ratio	7,82%	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:

	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022</b>
Tier 1 capital	4 843 498	2 861 156
Tier 2 capital, calculated	2 534 355	604 416
Tier 2 capital, included in calculation of total capital	2 534 355	604 416
<b>Total capital</b>	<b>7 377 853</b>	<b>3 465 572</b>
<b>Risk weighted assets</b>	<b>101 551 351</b>	<b>107 247 078</b>
Tier 1 capital adequacy ratio	4,8%	2,7%
Total capital adequacy ratio	7,3%	3,2%