

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

Interim condensed consolidated financial statements

For the nine months ended 30 September 2019

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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONSOLIDATED BALANCE SHEET)****As at 30 September 2019***(thousands of Ukrainian hryvnia)*

		30 September 2019	31 December 2018
	Notes	(unaudited)	
Assets			
Cash and cash equivalents	4	26,617,536	18,545,858
Amounts due from credit institutions	7	278,347	569,890
Loans to customers	8	62,842,960	72,496,358
Investment securities:	9		
- at fair value through profit or loss		25,398,723	26,653,561
- at fair value through other comprehensive income		22,416,234	35,789,095
- at amortised cost		—	49,855
Tax assets		246,870	161,080
Investment property		1,153,243	1,153,243
Property and equipment		1,632,621	1,646,109
Intangible assets		47,398	54,266
Deferred income tax asset		2,033,021	2,033,021
Non-current assets held for sale		39,614	39,614
Other assets	10	519,725	2,451,523
Total assets		143,226,292	161,643,473
Liabilities			
Amounts due to credit institutions	11	22,939,955	24,405,913
Amounts due to customers	12	78,596,329	82,163,124
Eurobonds issued	13	28,105,954	42,541,905
Subordinated debt		3,045,476	3,584,690
Provision for credit-related commitments	15	124,472	72,625
Other liabilities	10	420,412	423,623
Total liabilities		133,232,598	153,191,880
Equity	14		
Share capital		38,730,042	38,730,042
Revaluation reserves		(793,359)	(816,406)
Result from transactions with the shareholder		635,104	635,104
Accumulated deficit		(28,741,019)	(30,260,073)
Reserve and other funds		162,926	162,926
Total equity		9,993,694	8,451,593
Total equity and liabilities		143,226,292	161,643,473

Authorised for release and signed

20 November 2019

Chairman of the Board**O.V. Hrytsenko****Chief Accountant****N.A. Potemka**

V.M. Medko 247-89-16

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS (CONSOLIDATED INCOME STATEMENT)**For the nine months ended 30 September 2019***(thousands of Ukrainian hryvnia)*

		2019		2018	
		For the three months ended 30 September	For the nine months ended 30 September	For the three months ended 30 September	For the nine months ended 30 September
Notes		(unaudited)			
Interest income					
<i>Interest income calculated using effective interest rate</i>					
- loans to customers		2,071,634	6,217,913	2,054,997	5,556,523
- investment securities at fair value through other comprehensive income		536,616	1,865,886	718,060	2,231,213
- investment securities at amortised cost		293	2,724	2,414	8,903
- amounts due from credit institutions		87,867	250,183	29,579	123,643
<i>Other interest income</i>					
- investment securities at fair value through profit or loss		309,110	917,215	309,113	917,225
		3,005,520	9,253,921	3,114,163	8,837,507
Interest expense					
Amounts due to customers		(1,072,294)	(3,475,533)	(960,761)	(2,807,823)
Eurobonds issued		(769,531)	(2,707,170)	(1,098,101)	(3,075,896)
Amounts due to credit institutions		(361,526)	(1,098,788)	(398,763)	(1,026,677)
Subordinated debt		(73,744)	(237,802)	(81,800)	(230,743)
Other interest expenses		(356)	(1,216)	—	—
		(2,277,451)	(7,520,509)	(2,539,425)	(7,141,139)
Net interest income		728,069	1,733,412	574,738	1,696,368
Net gains/(losses) from modification of financial assets measured at amortised cost		176,281	(46,643)	(57,816)	(565,893)
(Expenses)/reversal of expenses for expected credit losses	6	(475,293)	(1,131,643)	993,765	1,554,660
Expenses for expected credit losses on credit-related commitments	6	(75,204)	(56,338)	(14,920)	(43,570)
Commission income		282,114	812,746	258,521	725,263
Commission expense		(112,618)	(323,982)	(97,139)	(264,897)
Net (losses)/gains on investment securities at fair value through profit or loss		(784,925)	(1,039,093)	764,805	(1,281,437)
Net losses on investment securities at fair value through other comprehensive income reclassified from other comprehensive income at redemption		(7,383)	(7,208)	(7,979)	(50,083)
Net gains/(losses) from foreign currencies					
- dealing		149,803	400,379	146,043	302,604
- translation differences		2,098,447	3,558,910	(2,094,625)	(34,537)
Net gains/(losses) from precious metals					
- dealing		5	94	1	193
- revaluation		(305)	576	152	(676)
Other income		25,411	81,542	94,517	146,328
Personnel expenses	16	(389,445)	(1,074,548)	(326,605)	(917,069)
Depreciation and amortisation		(27,843)	(84,784)	(24,978)	(74,032)
Other operating expenses	16	(180,155)	(547,176)	(181,812)	(517,754)
Profit before tax		1,406,959	2,276,244	26,668	675,468
Income tax expense		(13)	(48)	—	(4)
Profit for the period		1,406,946	2,276,196	26,668	675,464

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2019

(thousands of Ukrainian hryvnia)

	2019		2018	
	<i>For the three months ended 30 September</i>	<i>For the nine months ended 30 September</i>	<i>For the three months ended 30 September</i>	<i>For the nine months ended 30 September</i>
	(unaudited)			
Profit for the period	1,406,946	2,276,196	26,668	675,464
Other comprehensive income/(loss)				
Other comprehensive income/(loss) to be reclassified to the consolidated statement of profit and loss (the consolidated income statement) in subsequent periods				
Net gains/(losses) on investment securities at fair value through other comprehensive income	491,138	32,975	(209,210)	(929,750)
Income tax related to components of other comprehensive income	—	—	—	—
Other comprehensive income/(loss) for the period	491,138	32,975	(209,210)	(929,750)
Total comprehensive income/(loss) for the period	1,898,084	2,309,171	(182,542)	(254,286)

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20 November 2019

Chairman of the Board

O.V. Hrytsenko

Chief Accountant

N.A. Potemskya

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED STATEMENT OF EQUITY)**For the nine months ended 30 September 2019***(thousands of Ukrainian hryvnia)*

	<i>Share capital</i>	<i>Revaluation reserve</i>	<i>Result from transactions with the shareholder</i>	<i>Accumulated deficit</i>	<i>Reserve and other funds</i>	<i>Total equity</i>
At 1 January 2018	38,730,042	211,783	635,104	(30,506,072)	162,926	9,233,783
Profit for the year	—	—	—	675,464	—	675,464
Other comprehensive loss for the period	—	(929,750)	—	—	—	(929,750)
Total comprehensive loss for the period	—	(929,750)	—	675,464	—	(254,286)
Depreciation of revaluation reserve, net of tax (Note 14)	—	(9,948)	—	9,948	—	—
Profit distributed for payment of dividends (Note 14)	—	—	—	(588,033)	—	(588,033)
At 30 September 2018 (unaudited)	38,730,042	(727,915)	635,104	(30,408,693)	162,926	8,391,464
At 31 December 2018	38,730,042	(816,406)	635,104	(30,260,073)	162,926	8,451,593
Profit for the year	—	—	—	2,276,196	—	2,276,196
Other comprehensive loss for the period (Note 14)	—	32,975	—	—	—	32,975
Total comprehensive income for the period	—	32,975	—	2,276,196	—	2,309,171
Depreciation of revaluation reserve, net of tax (Note 14)	—	(9,928)	—	9,928	—	—
Profit distributed for payment of dividends	—	—	—	(767,070)	—	(767,070)
At 30 September 2019 (unaudited)	38,730,042	(793,359)	635,104	(28,741,019)	162,926	9,993,694

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20 November 2019

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED STATEMENT OF EQUITY)**For the nine months ended 30 September 2019***(thousands of Ukrainian hryvnia)*

	<i>Notes</i>	<i>For the period ended 30 September</i>	
		<i>2019</i>	<i>2018</i>
		<i>(unaudited)</i>	
Cash flows from operating activities			
Interest received		8,126,084	8,174,432
Interest paid		(7,664,555)	(6,609,784)
Commissions received		841,864	680,161
Commissions paid		(323,982)	(264,620)
Result from dealing in foreign currencies and precious metals		400,473	302,797
Personnel expenses paid		(1,118,371)	(944,164)
Other operating income received		81,152	90,138
Other operating and administrative expenses paid		(530,583)	(491,433)
Cash flow from operating activities before changes in operating assets and liabilities		(187,918)	937,527
<i>Net (increase)/ decrease in operating assets:</i>			
Amounts due from credit institutions		247,967	59,593
Loans to customers		4,257,325	(6,448,781)
Other assets		343,835	(3,723,808)
<i>Net increase / (decrease) in operating liabilities</i>			
Amounts due to credit institutions		(469,810)	(173,517)
Amounts due to the National Bank of Ukraine		—	(2,418)
Amounts due to customers		4,254,462	(4,581,734)
Other liabilities		(255,854)	56,872
Net cash flows from operating activities before income tax		8,190,007	(13,876,266)
Income tax paid in advance		(138,128)	(105,880)
Net cash flows from operating activities		8,051,879	(13,982,146)
Cash flows from investing activities			
Proceeds from sale and redemption of investment securities		21,538,376	28,880,421
Purchase of investment securities		(10,022,195)	(22,543,923)
Dividends received		394	560
Purchases of property, equipment and intangible assets		(53,405)	(45,796)
Net cash flows from investing activities		11,463,170	6,291,262
Cash flows from financing activities			
Part of profit allocated for payment of dividends		(767,070)	(588,033)
Lease payments	5	(3,753)	—
Proceeds from Eurobonds issued	5	—	4,020,167
Repayment of Eurobonds issued	5	(10,177,147)	—
Proceeds from borrowings from credit institutions	5	4,885,082	1,421,015
Repayment of borrowings from credit institutions	5	(3,002,439)	(3,092,674)
Net cash flows from financing activities		(9,065,327)	1,760,475
Effect of exchange rates changes on cash and cash equivalents		(2,372,731)	(40,907)
Effect of expected credit losses on cash and cash equivalents		(5,313)	(6,066)
Net change in cash and cash equivalents		8,071,678	(5,977,382)
Cash and cash equivalents, 1 January		18,545,858	19,866,217
Cash and cash equivalents, 30 September	4	26,617,536	13,888,835

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V.M. Medko 247-89-16

1. Principal activities

Joint Stock Company “The State Export-Import Bank of Ukraine” (hereinafter – “UkrEximBank”) was founded in 1992. UkrEximBank operates under banking licence No. 2 dated 5 October 2011.

As at 30 September 2019 and 31 December 2018, 100% of UkrEximBank’s shares were owned by the Cabinet Ministers of Ukraine on behalf of the State of Ukraine.

UkrEximBank’s head office is located in Kyiv at 127 Antonovycha Str. It has 22 branches and 39 operating outlets (31 December 2018: 22 branches and 39 operating outlets) and two representative offices located in London and New-York. UkrEximBank and its branches form a single legal entity.

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

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

The Bank’s aim (in accordance with the Charter) is to create favorable 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 favor of the Bank and its shareholder.

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

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

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

2. Basis of preparation and summary of accounting policies

Basis of preparation

These interim condensed consolidated financial statements for the six months ended 30 September 2019 have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”).

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 2018, which have been prepared in accordance with IFRS.

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

Operating environment

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

Further growth of the Ukrainian economy depends on foreign market conditions, coordinated policy and decisions of the President, Government, NBU and Verkhovna Rada, continued efficient cooperation with international financial organizations and the progress in the east of the country. Consolidation of the legislative and executive branches as a result

of the presidential and early parliamentary elections in Ukraine will help meet expectations of accelerating the necessary social and economic reforms.

The ongoing upward trend in prices for the key goods exported by Ukraine in the I-III quarters of the current year supported by a record volume of gross harvest of early grain crops of the current year, contributed to increase of export of goods and services from Ukraine. Retention of high investment and consumer demand has resulted in the retention of high imports of goods and services.

The growing deficit of foreign trade and significant payments on foreign borrowings were compensated by proceeds of currency on the financial account, including foreign capital investments in the government bonds and private transfers from abroad, which generally contributed to the strengthening of national currency and maintaining an acceptable level of international reserves in Ukraine. As at 30 September of 2019, the official UAH/USD exchange rate was UAH 24.08 to 1 US Dollar (31 December 2018: UAH 27.69 to 1 US Dollar). According to the NBU, as at 1 October 2019, the international reserves amounted to USD 21.4 billion (USD 20.8 billion as at 31 December 2018).

The domestic demand growth supported by further increase in salary and in amounts of consumer lending, and international trade enhancement facilitated an upward development of most economic activities and overall recovery of the Ukrainian economy (GDP growth reported during 16 consecutive quarters). In the third quarter, according to the State Statistics Service, the GDP growth is at 4.2% against 4.6% and 2.5% based on the results of the II and I quarters, respectively. Growth drivers were sectors of the economy focused on domestic consumer demand. At the same time, the slowdown in FDI inflows and the development of capital investment led to a decrease in gross fixed capital formation. According to the State Statistics Service, in January-September of the current year, the retail trade turnover in Ukraine increased by 9.8%, the scope of construction works completed - by 20.5%, and the agricultural production - by 5.9%.

According to the State Statistics Service, consumer inflation was 3.4% in January-September of the current year (until December 2018). The slowdown in inflation led to a slight softening of monetary policy, with the NBU reducing its interest rate to 16.5% three consecutive times (in April, July and September).

The substantial volumes of the overdue loans with imperfect protection of creditors' rights and respective high credit risks caused low lending activity of banks in Ukraine. At the same time, the available liquidity continues to be invested by the banking institutions in the low-risky financial instruments (mainly, the government securities and the NBU deposit certificates).

Increase in volatility of the national currency exchange rate, possible deterioration of foreign trade conditions and overall macroeconomic situation may negatively affect the financial position and performance of the Bank. Upon receipt of such information, the Bank promptly revises its estimates of future cash flows and implements necessary measures to sustain the Bank's business.

Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2018, except for the adoption of the new Standards below effective as at 1 January 2019. The nature and the effect of these changes are disclosed below. The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement Contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*, became effective for annual periods beginning on or after 1 January 2019.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee recognises a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees are also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The

lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from accounting under IAS 17. Lessors continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The Bank applied IFRS 16 for the first time using a modified retrospective method of adoption without any effect of IFRS 16 initial application on the Bank's retained earnings/losses. The Bank applies the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4.

The Bank elected to use the exemptions proposed by the standard on lease contracts for which the lease terms end within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

The adoption of IFRS 16 did not impact the Bank's financial position and the results of the Bank's operations.

The effect of application of IFRS 16 as at 1 January 2019 is as follows:

	<i>31 December 2018</i>	<i>Effect of transition to IFRS 16</i>	<i>1 January 2019 taking into consideration the transition to IFRS 16</i>
Property and equipment			
Property and equipment	1,646,109	—	1,646,109
Right-of-use assets	—	11,316	11,316
Total property and equipment	1,646,109	11,316	1,657,425
Other assets			
Other assets	2,451,523	(498)	2,451,025
Total other assets	2,451,523	(498)	2,451,025
Other liabilities			
Other liabilities	423,623	—	423,623
Lease liabilities	—	10,818	10,818
Total other liabilities	423,623	10,818	434,441

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as at 31 December 2018 as follows:

Operating lease commitments as at 31 December 2018	34,652
Weighted average incremental borrowing rate as at 1 January 2019	19%
Commitments relating to short-term leases and leases of low-value assets	(22,296)
Payments in optional extension periods not recognised as at 31 December 2018	1,763
Effect of discounting at 1 January 2019	(3,301)
Lease liabilities as at 1 January 2019	10,818

(a) Nature of the effect of adoption of IFRS 16

The Bank has lease contracts for various items of property and equipment. Before the adoption of IFRS 16, the Bank classified each of its leases (as a lessee) at the lease commencement date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to the ownership of the leased asset to the Bank; otherwise, it was classified as an operating lease. Finance leases were capitalised at the lease commencement date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest amounts and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Other assets and Other liabilities, respectively.

Upon adoption of IFRS 16, the Bank applied a single recognition and measurement approach to all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Bank.

Leases previously classified as finance leases

As at the date of transition to IFRS 16, the Bank had no existing leases previously classified as finance leases.

Leases previously classified as operating leases

The Bank recognised right-of-use assets and lease liabilities for the leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, as adjusted for the lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments discounted using the interest rate specified in the lease contract. The Bank uses the incremental borrowing rate if the rate in the lease contract is not determinable.

The Bank also applied the available practical expedients wherein it:

- ▶ Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- ▶ Applied the short-term lease exemptions to the leases with the lease term that ends within 12 months of the date of initial application;
- ▶ Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- ▶ Used hindsight in determining the lease term where the contract contained options to extend the lease with the term of 12 months or less.

(b) Summary of new accounting policies

Set out below are the new accounting policies of the Bank upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Bank is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment assessment.

Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating a lease, if the lease term reflects the Bank exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period, in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Bank uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the lease commencement date, the amount of lease liabilities is increased to reflect the accrual of interest and reduced to reflect the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the substance fixed lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Bank does not recognise a contract to be a lease contract in case of short-term leases and leases of low-value underlying assets and accounts for no right-of-use assets and lease liabilities. Under such contracts, lease payments are recognised as expense on a straight-line basis over the lease term specified by the contract.

A short-term lease is the lease, which as at the lease commencement date according to the lease contract has the lease term of 12 months or less, and this lease contract includes no automatic lease extension conditions, and the bank does not intend to extend the lease term specified by the contract, nor it intends to acquire the underlying asset. A low value of the

underlying asset is the value, which is less than the UAH equivalent of USD 5,000.00 at NBU's official UAH/foreign currency exchange rate as at the date of completion of the appropriate lease contract.

Significant judgement in determining the lease term of contracts with extension options

The Bank determines the lease term following the lease term specified in the completed contract as at the date of its completion.

If following the lease contract the lease term is 12 months or less as at the lease commencement date, the automatic lease extension conditions being included, and the bank intends to extend the lease term, then the lease term under such contract is determined as the term specified by the contract and increased for the extension term.

Amounts recognised in the consolidated statement of financial position and consolidated statement of profit and loss

Set out below are the carrying amounts of the Bank's right-of-use assets and lease liabilities and the movements during the period:

	<i>Right-of-use assets</i>	
	<i>Buildings/Premises</i>	<i>Lease liabilities</i>
At 1 January 2019	11,316	10,818
Additions	247	223
Depreciation	(4,369)	–
Interest expense	–	1,217
Payments	–	(4,934)
At 30 September 2019 (unaudited)	7,194	7,324

The Bank recognized UAH 10,704 thousand of rent expense on short-term leases and leases of low-value assets for the nine months ended 30 September 2019.

Other standards

The below new or amended standards and interpretations had no impact on the Bank's interim condensed consolidated financial statements:

- ▶ IAS 12 *Income taxes*;
- ▶ IFRIC Interpretation 23 *Uncertainty over Income Tax Treatment*;
- ▶ Amendments to IFRS 9 *Prepayment Features with Negative Compensation*.

3. Segment information

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

Retail banking	Business unit that focuses on servicing retail customers on the full list of products, and selling products that are mainly in a standardized form (as per the tariffs approved and the standard procedures) and generally do not require any individual approach to be applied.
Corporate banking	Business unit that focuses on corporate customers and on selling the products that require an individual approach and are mainly offered to corporate clients.
Interbank and investments business	Business unit that focuses on providing services to participants in the financial markets (money, currency, stock, etc.) and on selling the products related to transactions in the financial markets.

The Board monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance, as explained in the table below, is measured taking into account income and expenses from other segments.

Unallocated amounts include:

- ▶ income tax receivables and payables, the share of assets and costs associated with the work of the Bank's top management, i.e. personnel performing general management functions at the level of the whole Bank's system and personnel supporting directly the work of the top management;
- ▶ the result of revaluation of an open currency position (except for the portion of the open currency position allocated by the Bank for carrying out operations on purchase/sale/conversion of cash foreign currency and precious metals

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and conversion of non-cash foreign currency);

- the difference between inter-segment revenues and costs of all business lines, obtained as a result of transfer rates

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

During the nine months ended 30 September 2019 the Bank had revenues from transactions with a single external customer that accounted for more than 10% of the total income of the Bank, namely: UAH 2,591,970 thousand (30 September 2018: UAH 2,958,713 thousand). Revenue from transactions with this external customer is reflected in the segment “Interbank and investments business”.

Analysis of the Bank’s income from banking products and services is presented in the interest income and interest expenses of the interim condensed consolidated statement of profit and loss.

The following table presents income and expenses, profit and loss, as well as specific assets and liabilities of the Bank’s operating segments for the nine months ended 30 September 2019 (unaudited):

	<i>Retail banking</i>	<i>Corporate banking</i>	<i>Interbank and investments business</i>	<i>Unallocated</i>	<i>Total</i>
External clients					
Interest income	370,404	5,850,234	3,033,283	—	9,253,921
Commission income	404,919	386,990	20,837	—	812,746
Other income	26,032	47,680	17	7,813	81,542
Net gains from modification of financial assets measured at amortised cost	2,407	—	—	—	2,407
Reversal of expenses for expected credit losses	—	—	1,780	263	2,043
Reversal of expenses for expected credit losses on credit-related commitments	1,493	—	4	—	1,497
Net gains from foreign currencies	68,610	147,306	165,448	3,577,925	3,959,289
Net gains from precious metals	125	—	—	559	684
Income from other segments	2,348,834	2,298,980	4,222,764	(8,870,578)	—
Total income	3,222,824	8,731,190	7,444,133	(5,284,018)	14,114,129
Interest expense	(1,710,805)	(1,767,384)	(4,042,320)	—	(7,520,509)
Commission expense	(172,859)	(138,000)	(12,871)	(252)	(323,982)
Net losses on modification of financial assets measured at amortised cost	—	(49,050)	—	—	(49,050)
Expenses for expected credit losses	(12,278)	(1,121,408)	—	—	(1,133,686)
Expenses for expected credit losses on credit-related commitments	—	(57,835)	—	—	(57,835)
Net losses on investment securities at fair value through profit or loss	—	—	—	(1,039,093)	(1,039,093)
Net losses on investment securities at fair value through other comprehensive income reclassified from other comprehensive income at redemption	—	—	—	(7,208)	(7,208)
Net losses from precious metals	—	—	(14)	—	(14)
Personnel expenses	(479,229)	(347,774)	(73,181)	(174,364)	(1,074,548)
Depreciation and amortisation	(48,383)	(26,729)	(2,893)	(6,779)	(84,784)
Other operating expenses	(352,941)	(107,462)	(18,720)	(68,053)	(547,176)
Expenses from other segments	(314,396)	(4,960,621)	(2,720,127)	7,995,144	—
Segment results	131,933	154,927	574,007	1,415,377	2,276,244
Income tax expense					(48)
Profit for the period					2,276,196
Assets and liabilities as at 30 September 2019					
Segment assets	5,211,081	62,321,399	73,214,040		140,746,520
Unallocated assets				2,479,772	2,479,772
Total assets					143,226,292
Segment liabilities	35,469,625	43,674,884	53,971,835		133,116,344
Unallocated liabilities				116,254	116,254
Total liabilities					133,232,598
Other segment information					
Capital expenditure	(33,032)	(14,172)	(1,747)	(4,085)	(53,036)

(thousands of Ukrainian hryvnia, unless otherwise stated)

The following table presents income and expenses as well as profit and loss for the nine months ended 30 September 2018 (unaudited), and specific assets and liabilities of the Bank's operating segments as at 31 December 2018:

	<i>Retail banking</i>	<i>Corporate banking</i>	<i>Interbank and investments business</i>	<i>Unallocated</i>	<i>Total</i>
External					
Interest income	331,662	5,233,770	3,272,075	—	8,837,507
Commission income	394,459	310,624	20,180	—	725,263
Other income	21,765	45,127	66,071	13,365	146,328
Net gains from modification of financial assets measured at amortised cost	—	—	—	55	55
Reversal of expenses for expected credit losses	—	1,582,640	76,115	—	1,658,755
Reversal of expenses for expected credit losses on credit-related commitments	12,095	—	429	—	12,524
Net gains from foreign currencies	107,838	133,833	88,387	—	330,058
Net gains from precious metals	312	1	—	—	313
Income from other segments	1,873,977	2,005,261	4,551,937	(8,431,175)	—
Total income	2,742,108	9,311,256	8,075,194	(8,417,755)	11,710,803
Interest expense	(1, 273,549)	(1,535,641)	(4,331,949)	—	(7,141,139)
Commission expense	(153,782)	(105,620)	(5,161)	(334)	(264,897)
Net losses on modification of financial assets measured at amortised cost	(1,109)	(564,839)	—	—	(565,948)
Expenses for expected credit losses	(100,474)	—	—	(3,621)	(104,095)
Expenses for expected credit losses on credit-related commitments	—	(56,094)	—	—	(56,094)
Net losses on investment securities at fair value through profit or loss	—	—	—	(1,281,437)	(1,281,437)
Net losses on investment securities at fair value through other comprehensive income reclassified from other comprehensive income at redemption	—	—	—	(50,083)	(50,083)
Net losses from foreign currencies	—	—	—	(61,991)	(61,991)
Net losses from precious metals	—	—	(773)	(23)	(796)
Personnel expenses	(427,330)	(294,177)	(66,480)	(129,082)	(917,069)
Depreciation and amortisation	(43,509)	(21,458)	(2,932)	(6,133)	(74,032)
Other operating expenses	(337,908)	(109,016)	(21,108)	(49,722)	(517,754)
Expenses from other segments	(267,238)	(4,167,985)	(2,780,100)	7,215,323	—
Segment results	137,209	2,456,426	866,691	(2,784,858)	675,468
Income tax expense					(4)
Profit for the period					675,464
Assets and liabilities as at 30 September 2018					
Segment assets	5,326,389	73,785,888	80,141,547		159,253,824
Unallocated assets				2,389,649	2,389,649
Total assets					161,643,473
Segment liabilities	36,498,494	46,129,782	70,354,835		152,983,111
Unallocated liabilities				208,769	208,769
Total liabilities					153,191,880
Other segment information					
Capital expenditure	(32,240)	(15,323)	(2 095)	(4,381)	(54,039)

Geographical information

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

4. Cash and cash equivalents

Cash and cash equivalents comprise:

	30 September 2019 (unaudited)	31 December 2018
Current accounts with other credit institutions	10,583,883	8,792,208
Term deposits with other credit institutions up to 90 days	9,635,483	3,906,258
Current account with the National Bank of Ukraine	4,984,273	2,952,279
Cash on hand	1,401,169	1,159,416
Overnight deposits with other credit institutions	22,030	1,741,038
	26,626,838	18,551,199
Less: allowance for expected credit losses	(9,302)	(5,341)
Cash and cash equivalents	26,617,536	18,545,858

5. Changes in liabilities in financial activities

Changes in liabilities in financial activities were as follows:

	Borrowings from credit institutions	Eurobonds issued	Subordinated debt	Lease liabilities	Total
Carrying amount at 31 December 2018	22,706,497	42,541,905	3,584,690	–	68,833,092
Effect of IFRS 16 implementation	–	–	–	10,818	10,818
Additions	4,885,082	–	–	223	4,885,305
Repayments	(3,002,439)	(10,177,147)	–	(3,753)	(13,183,339)
Translation differences	(3,119,196)	(3,981,945)	(460,174)	–	(7,561,315)
Other	255,134	(276,859)	(79,040)	36	(100,729)
Carrying amount At 30 September 2019 (unaudited)	21,725,078	28,105,954	3,045,476	7,324	52,883,832

	Borrowings from credit institutions	Eurobonds issued	Subordinated debt	Total
Carrying amount at 31 December 2017	21,371,452	38,821,831	3,615,792	63,809,075
Additions	1,421,015	4,020,167	–	5,441,182
Repayments	(3,092,674)	–	–	(3,092,674)
Translation differences	27,563	327,059	27,230	381,852
Other	235,810	122,447	(65,246)	293,011
Carrying amount as at 30 September 2018 (unaudited)	19,963,166	43,291,504	3,577,776	66,832,446

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

6. Expenses for expected credit losses

The following tables present the expenses/reversal of expenses for expected credit losses on financial assets recognised in profit or loss (unaudited).

	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual	Stage 3 Collective	POCI	Total
For the three months ended 30 September 2019							
Cash and cash equivalents	35	–	–	–	–	–	35

(thousands of Ukrainian hryvnia, unless otherwise stated)

	<i>Stage 1 Collective</i>	<i>Stage 2 Individual</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>	<i>POCI</i>	<i>Total</i>
For the three months ended 30 September 2019							
Amounts due from credit institutions	(2,268)	—	—	—	—	—	(2,268)
Loans to customers	(32,179)	1,773	9,764	552,622	34,948	(88,654)	478,274
Investment securities at fair value through other comprehensive income	(1,446)	—	—	—	—	—	(1,446)
Other financial assets	698	—	—	—	—	—	698
	(35,160)	1,773	9,764	552,622	34,948	(88,654)	475,293
For the nine months ended 30 September 2019							
Cash and cash equivalents	5,313	—	—	—	—	—	5,313
Amounts due from credit institutions	(9,463)	—	—	—	—	—	(9,463)
Loans to customers	(219,696)	91,724	(9,565)	1,202,488	50,437	18,122	1,133,510
Investment securities at fair value through other comprehensive income	(2,492)	—	—	—	—	—	(2,492)
Other financial assets	4,775	—	—	—	—	—	4,775
	(221,563)	91,724	(9,565)	1,202,488	50,437	18,122	1,131,643

Expenses on expected credit losses on POCI recognized in profit or loss include the amount of adjustment of the gross carrying amount of POCI in the amount of UAH 79,040 thousand.

	<i>Stage 1 Collective</i>	<i>Stage 2 Individual</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>	<i>Total</i>
For the three months ended 30 September 2018						
Cash and cash equivalents	3,237	—	—	—	—	3,237
Amounts due from credit institutions	(258)	—	—	(51,693)	—	(51,951)
Loans to customers	261,999	(237,956)	43,570	(923,657)	(86,911)	(942,955)
Investment securities at fair value through other comprehensive income	(331)	—	—	—	—	(331)
Other financial assets	(1,765)	—	—	—	—	(1,765)
	262,882	(237,956)	43,570	(975,350)	(86,911)	(993,765)
For the nine months ended 30 September 2018						
Cash and cash equivalents	5,965	—	—	—	—	5,965
Amounts due from credit institutions	(16,012)	—	—	(52,919)	—	(68,931)
Loans to customers	403,179	(338,802)	75,384	(1,644,685)	26,484	(1,478,440)
Investment securities at fair value through other comprehensive income	(609)	—	—	—	—	(609)
Other financial assets	(12,645)	—	—	—	—	(12,645)
	379,878	(338,802)	75,384	(1,697,604)	26,484	(1,554,660)

(thousands of Ukrainian hryvnia, unless otherwise stated)

The following tables present the expenses/(reversal) of expenses for expected credit losses on credit-related commitments recognized in profit or loss (unaudited).

	<i>Stage 1 Collective</i>	<i>Stage 2 Individual</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>	<i>Total</i>
For the three months ended 30 September 2019						
Guarantees	(10)	—	(2)	—	—	(12)
Credit-related commitments	25,375	—	55	50,188	(223)	75,395
Letters of credit	(175)	—	—	—	—	(175)
Avals on promissory notes	(4)	—	—	—	—	(4)
	25,186	—	53	50,188	(223)	75,204
For the nine months ended 30 September 2019						
Guarantees	(334)	—	38	—	833	537
Credit-related commitments	21,563	(8,182)	29	46,120	(2,441)	57,089
Letters of credit	(1,290)	—	—	—	—	(1,290)
Avals on promissory notes	2	—	—	—	—	2
	19,941	(8,182)	67	46,120	(1,608)	56,338

	<i>Stage 1 Collective</i>	<i>Stage 2 Individual</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Collective</i>	<i>Total</i>
For the three months ended 30 September 2018					
Guarantees	12	—	—	—	12
Credit-related commitments	44,588	(2,543)	(69)	(26,836)	15,140
Letters of credit	(225)	—	—	—	(225)
Avals on promissory notes	(7)	—	—	—	(7)
	44,368	(2,543)	(69)	(26,836)	14,920
For the nine months ended 30 September 2018					
Guarantees	752	—	—	—	752
Credit-related commitments	56,905	(2,543)	841	(15,401)	39,802
Letters of credit	3,007	—	—	—	3,007
Avals on promissory notes	9	—	—	—	9
	60,673	(2,543)	841	(15,401)	43,570

7. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	<i>30 September 2019 (unaudited)</i>	<i>31 December 2018</i>
Loans and deposits		
Ukrainian banks	798,280	811,659
OECD banks	176,550	202,981
CIS and other banks	45,253	58,732
	1,020,083	1,073,372
Amounts due from other credit institutions		
Current accounts with other credit institutions in precious metals	9,643	131,701
Other amounts due from credit institutions	77,856	210,689
	1,107,582	1,415,762
Less: Allowance for impairment	(829,235)	(845,872)
Amounts due from credit institutions	278,347	569,890

As at 30 September 2019, amounts due from credit institutions are designated at amortised cost (31 December 2018: at amortised cost), except for current accounts in precious metals in the amount of UAH 9,643 thousand (31 December 2018: UAH 131,701 thousand) at fair value through profit or loss (31 December 2018: at fair value through profit or loss).

(thousands of Ukrainian hryvnia, unless otherwise stated)

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

	<i>Stage 1 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>	<i>Total</i>
Gross carrying amount at 1 January 2019	585,521	755,793	74,448	1,415,762
New assets originated or purchased	130,167	—	—	130,167
Assets derecognized/(repaid)	(226,353)	—	—	(226,353)
Change in carrying amount	(65,098)	—	(1)	(65,099)
Reclassified to cash and cash equivalents	(32,559)	—	—	(32,559)
Translation differences	(15,257)	(2,553)	(19)	(17,829)
Gross carrying amount at 30 June 2019 (unaudited)	376,421	753,240	74,428	1,204,089
New assets originated or purchased	5,680	—	—	5,680
Assets derecognized/(repaid)	(100,243)	—	—	(100,243)
Change in carrying amount	(11)	—	—	(11)
Reclassified to cash and cash equivalents	(20)	—	—	(20)
Reclassified from cash and cash equivalents	29,421	—	—	29,421
Translation differences	(27,806)	(3,496)	(32)	(31,334)
Gross carrying amount at 30 September 2019 (unaudited)	283,442	749,744	74,396	1,107,582

	<i>Stage 1 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>	<i>Total</i>
Gross carrying amount at 1 January 2018	618,137	893,655	74,480	1,586,272
New assets originated or purchased	82,717	—	—	82,717
Assets derecognized/(repaid)	(38,494)	—	(18)	(38,512)
Reclassified to cash and cash equivalents	(77,637)	—	—	(77,637)
Change in carrying amount	2,534	(1,226)	—	1,308
Translation differences	(54,344)	(3,151)	(30)	(57,525)
Gross carrying amount at 30 June 2018 (unaudited)	532,913	889,278	74,432	1,496,623
New assets originated or purchased	58,747	—	—	58,747
Change in carrying amount	(71,964)	—	—	(71,964)
Translation differences	34,914	3,539	25	38,478
Gross carrying amount at 30 September 2018 (unaudited)	554,610	892,817	74,457	1,521,884

	<i>Stage 1 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>	<i>Total</i>
Allowance at 1 January 2019	15,631	755,793	74,448	845,872
New assets originated or purchased	3,840	—	—	3,840
Assets derecognized/(repaid)	(6,758)	—	—	(6,758)
Modifications in allowance	(3,837)	—	—	(3,837)
Reclassified to cash and cash equivalents	(440)	—	—	(440)
Translation differences	(511)	(2,553)	(20)	(3,084)
Allowance at 30 June 2019 (unaudited)	7,925	753,240	74,428	835,593
New assets originated or purchased	110	—	—	110
Assets derecognized/(repaid)	(2,799)	—	—	(2,799)
Modifications in allowance	(1)	—	—	(1)
Reclassified from cash and cash equivalents	422	—	—	422
Translation differences	(562)	(3,496)	(32)	(4,090)
Allowance at 30 September 2019 (unaudited)	5,095	749,744	74,396	829,235

	<i>Stage 1 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>	<i>Total</i>
Allowance at 1 January 2018	36,933	810,271	74,460	921,664
New assets originated or purchased	4,651	—	—	4,651
Assets derecognized/(repaid)	(6,952)	—	—	(6,952)
Reclassified to cash and cash equivalents	(4,506)	—	—	(4,506)
Modifications in allowance	(8,947)	(1,226)	—	(10,173)
Translation differences	(2,047)	(3,152)	(28)	(5,227)
Allowance at 30 June 2018 (unaudited)	19,132	805,893	74,432	899,457
New assets originated or purchased	5,307	—	—	5,307
Modifications in allowance	(5,565)	(51,693)	—	(57,258)
Translation differences	1,541	3,539	25	5,105
Allowance at 30 September 2018 (unaudited)	20,415	757,739	74,457	852,611

8. Loans to customers

Loans to customers comprise:

	<i>30 September 2019 (unaudited)</i>	<i>31 December 2018</i>
Commercial loans	115,498,343	134,331,150
Finance lease receivables	2,503,960	1,360,897
Overdrafts	1,410,228	1,457,972
Promissory notes	58,010	74,717
	119,470,541	137,224,736
Less: Allowance for impairment	(56,627,581)	(64,728,378)
Loans to customers at amortized cost	62,842,960	72,496,358

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

	<i>30 September 2019 (unaudited)</i>	<i>31 December 2018</i>
Legal entities	92,279,455	103,567,422
State entities	25,220,771	31,594,636
Individuals	1,837,776	1,973,096
Municipal and utility entities	132,539	89,582
	119,470,541	137,224,736

Commercial loans

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

	<i>Stage 1 Collective</i>	<i>Stage 2 Individual</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>	<i>POCI</i>	<i>Total</i>
Gross carrying amount at 1 January 2019	51,764,581	2,371,484	568,180	71,369,112	6,549,919	1,707,874	134,331,150
New assets originated or purchased	5,210,928	—	—	—	—	—	5,210,928
Assets derecognized/(repaid)	(1,222,193)	(10)	(10,756)	(137,157)	(45,493)	—	(1,415,609)
Transfer to Stage 1	40,661	—	(40,590)	—	(71)	—	—
Transfer to Stage 2	(1,267,823)	1,333,677	210,482	(276,336)	—	—	—
Transfer to Stage 3	(271,484)	—	(73,736)	270,662	74,558	—	—
Change in carrying amount	(6,562,798)	(122,633)	(55,103)	1,422,085	150,396	(57,946)	(5,225,999)
Translation differences	(2,191,715)	(118,604)	(27,589)	(3,043,308)	(192,447)	(65,840)	(5 639,503)
Gross carrying amount at 30 June 2019 (unaudited)	45,500,157	3,463,914	570,888	69,605,058	6,536,862	1,584,088	127,260,967

(thousands of Ukrainian hryvnia, unless otherwise stated)

	<i>Stage 1 Collective</i>	<i>Stage 2 Individual</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>	<i>POCI</i>	<i>Total</i>
New assets originated or purchased	1,668,876	—	—	—	—	1,056,840	2,725,716
Assets derecognized/(repaid)	(787,443)	—	(14,185)	(6,645,389)	(2,437)	—	(7,449,454)
Transfer to Stage 1	20,061	—	(19,945)	—	(116)	—	—
Transfer to Stage 2	(1,177,120)	759,113	418,007	—	—	—	—
Transfer to Stage 3	(67)	(1,333,996)	(70,854)	1,333,996	70,921	—	—
POCI adjustment	—	—	—	—	—	79,040	79,040
Change in carrying amount	(730,301)	(50,104)	(115,544)	1,782,725	66,903	1,753	955,432
Translation differences	(3,155,160)	(150,424)	(42,330)	(4,359,761)	(278,421)	(87,262)	(8,073,358)
Gross carrying amount at 30 September 2019 (unaudited)	41,339,003	2,688,503	726,037	61,716,629	6,393,712	2,634,459	115,498,343
	<i>Stage 1 Collective</i>	<i>Stage 2 Individual</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>	<i>POCI</i>	<i>Total</i>
Gross carrying amount at 1 January 2018	46,505,346	—	503,037	74,212,985	6,846,200	—	128,067,568
New assets originated or purchased	6,788,610	—	—	—	—	362,328	7,150,938
Assets derecognized/(repaid)	(2,270,673)	—	(130,166)	(1,539,394)	(88,969)	—	(4,029,202)
Transfer to Stage 1	426,783	(373,180)	(51,055)	—	(2,548)	—	—
Transfer to Stage 2	(1,790,613)	2,249,265	204,298	(662,950)	—	—	—
Transfer to Stage 3	(93,851)	—	(71,414)	444	164,821	—	—
Change in carrying amount	(1,627,308)	(57,235)	(34,243)	1,628,988	74,609	—	(15,189)
Translation differences	(2,566,425)	(12,416)	(20,822)	(4,097,978)	(249,711)	—	(6,947,352)
Gross carrying amount at 31 June 2018 (unaudited)	45,371,869	1,806,434	399,635	69,542,095	6,744,402	362,328	124,226,763
New assets originated or purchased	4,244,046	—	—	—	—	1,316,900	5,560,946
Assets derecognized/(repaid)	(648,567)	(11)	(7,427)	(1,877,415)	(292,718)	—	(2,826,138)
Transfer to Stage 1	865	—	(571)	—	(294)	—	—
Transfer to Stage 2	(266,008)	1,742,703	218,773	(1,695,468)	—	—	—
Transfer to Stage 3	(140,467)	—	(46,841)	479,192	(291,884)	—	—
Change in carrying amount	488,087	(64,759)	(50,801)	799,214	249,552	1,938	1,423,231
Translation differences	2,920,738	150,872	33,665	4,139,329	263,635	—	7,508,239
Gross carrying amount at 30 September 2018 (unaudited)	51,970,563	3,635,239	546,433	71,386,947	6,672,693	1,681,166	135,893,041
	<i>Stage 1 Collective</i>	<i>Stage 2 Individual</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>	<i>POCI</i>	<i>Total</i>
Allowance at 1 January 2019	999,187	198,347	91,661	57,110,096	6,258,715	—	64,658,006
New assets originated or purchased	132,775	—	—	—	—	—	132,775
Assets derecognized/(repaid)	(20,754)	—	(1,166)	(12,757)	(27,780)	—	(62,457)
Transfer to Stage 1	395	—	(325)	—	(70)	—	—
Transfer to Stage 2	(52,999)	64,699	9,480	(21,180)	—	—	—
Transfer to Stage 3	(18,937)	—	(18,334)	18,488	18,783	—	—
Interest income adjustment	—	—	—	1,175,049	131,200	—	1,306,249
Recoveries	—	—	—	72,056	8,051	—	80,107
Changes in allowance	(312,956)	89,951	(17,223)	665,490	43,165	106,776	575,203
Translation differences	(44,300)	(7,260)	(4,391)	(2,502,487)	(186,481)	—	(2,744,919)
Allowance at 30 June 2019 (unaudited)	682,411	345,737	59,702	56,504,755	6,245,583	106,776	63,944,964
New assets originated or purchased	31,545	—	—	—	—	—	31,545
Assets derecognized/(repaid)	(13,523)	—	(632)	(567,964)	(1,259)	—	(583,378)
Transfer to Stage 1	1,642	—	(1,527)	—	(115)	—	—
Transfer to Stage 2	(14,482)	(3,725)	18,207	—	—	—	—
Transfer to Stage 3	(67)	(104,626)	(4,597)	104,626	4,664	—	—
Transfer to POCI	—	—	—	(4,544,771)	—	—	(4,544,771)
Interest income adjustment	—	—	—	418,700	50,410	1,199	470,309
Recoveries	—	—	—	7,017	840	—	7,857
Changes in allowance	(53,967)	1,773	11,496	1,120,586	36,218	(9,614)	1,106,492
Translation differences	(50,413)	(17,866)	(4,730)	(3,538,934)	(268,060)	(7,883)	(3,887,886)

(thousands of Ukrainian hryvnia, unless otherwise stated)

	<i>Stage 1 Collective</i>	<i>Stage 2 Individual</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>	<i>POCI</i>	<i>Total</i>
Allowance at 30 September 2019 (unaudited)	583,146	221,293	77,919	49,504,015	6,068,281	90,478	56,545,132
	<i>Stage 1 Collective</i>	<i>Stage 2 Individual</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>		<i>Total</i>
Allowance at 1 January 2018	1,043,848	–	–	39,958	58,421,343	6,329,729	65,834,878
New assets originated or purchased	173,078	–	–	–	–	–	173,078
Assets derecognized/(repaid)	(45,846)	–	–	(2,834)	(125,710)	(50,255)	(224,645)
Transfer to Stage 1	14,098	(11,179)	–	(1,018)	–	(1,901)	–
Transfer to Stage 2	(184,465)	294,719	–	3,833	(114,087)	–	–
Transfer to Stage 3	(38,917)	–	–	(26,000)	186	64,731	–
Transfer to POCI	–	–	–	–	(972,929)	–	(972,929)
Interest income adjustment	–	–	–	–	1,402,381	159,722	1,562,103
Recoveries	–	–	–	–	18,456	2,158	20,614
Changes in allowance	(4,126)	(99,532)	–	34,110	(595,318)	164,337	(500,529)
Translation differences	(53,650)	(2,175)	–	(1,747)	(3,223,872)	(268,312)	(3,549,756)
Allowance at 30 June 2018 (unaudited)	904,020	181,833	46,302	54,810,450	6,400,209		62,342,814
New assets originated or purchased	278,918	–	–	–	–	–	278,918
Assets derecognized/(repaid)	(14,176)	(1)	–	(146)	(160,623)	(226,868)	(401,814)
Transfer to Stage 1	326	–	–	(32)	–	(294)	–
Transfer to Stage 2	(8,530)	279,236	–	6,832	(277,538)	–	–
Transfer to Stage 3	(102,871)	–	–	(12,900)	479,192	(363,421)	–
Transfer to POCI	–	–	–	–	(604,574)	–	(604,574)
Interest income adjustment	–	–	–	–	675,692	74,755	750,447
Recoveries	–	–	–	–	3,553	393	3,946
Changes in allowance	(4,228)	(233,475)	–	43,263	(763,034)	139,001	(818,473)
Translation differences	56,581	16,569	–	2,376	3,341,252	263,933	3,680,711
Allowance at 30 September 2018 (unaudited)	1,110,040	244,162	85,695	57,504,370	6,287,708		65,231,975

Overdrafts

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

	<i>Stage 1 Collective</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>	<i>Total</i>
Gross carrying amount at 1 January 2019	1,384,401	12,278	60,969	324	1,457,972
New assets originated or purchased	432,938	–	–	–	432,938
Assets derecognized/(repaid)	(588,484)	(27,002)	(58,463)	(2)	(673,951)
Transfer to Stage 1	541	(541)	–	–	–
Transfer to Stage 2	(31,936)	31,936	–	–	–
Transfer to Stage 3	(676)	–	676	–	–
Change in carrying amount	(100,157)	(5,562)	(3,182)	142	(108,759)
Translation differences	(5,881)	–	–	–	(5,881)
Gross carrying amount at 30 June 2019 (unaudited)	1,090,746	11,109	–	464	1,102,319
New assets originated or purchased	205,165	–	–	–	205,165
Assets derecognized/(repaid)	(198,204)	(691)	–	(13)	(198,908)
Transfer to Stage 2	(1,282)	1,282	–	–	–
Change in carrying amount	314,943	(4,996)	–	–	309,947
Translation differences	(8,295)	–	–	–	(8,295)
Gross carrying amount at 30 September 2019 (unaudited)	1,403,073	6,704	–	451	1,410,228

(thousands of Ukrainian hryvnia, unless otherwise stated)

	<i>Stage 1 Collective</i>	<i>Stage 2 Individual</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Collective</i>	<i>Total</i>
Gross carrying amount at 1 January 2018	708,479	–	1,107	19	709,605
New assets originated or purchased	665,807	–	–	–	665,807
Assets derecognized/(repaid)	(280,372)	–	(1,107)	–	(281,479)
Transfer to Stage 1	39,708	(39,708)	–	–	–
Transfer to Stage 2	(102,097)	94,412	7,685	–	–
Transfer to Stage 3	(40,213)	–	(11)	40,224	–
Change in carrying amount	82,279	5,015	(4,971)	(40,128)	42,195
Gross carrying amount at 30 June 2018 (unaudited)	1,073,591	59,719	2,703	115	1,136,128
New assets originated or purchased	271,905	–	–	–	271,905
Assets derecognized/(repaid)	(229,010)	–	–	–	(229,010)
Transfer to Stage 1	(5,740)	–	5,740	–	–
Transfer to Stage 2	–	–	(2,397)	2,397	–
Transfer to Stage 3	18,545	(264)	(690)	117	17,708
Change in carrying amount	6,324	–	–	–	6,324
Gross carrying amount at 30 September 2018 (unaudited)	1,135,615	59,455	5,356	2,629	1,203,055

	<i>Stage 1 Collective</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>	<i>Total</i>
Allowance at 1 January 2019	31,442	458	2,817	249	34,966
New assets originated or purchased	11,753	–	–	–	11,753
Assets derecognized/(repaid)	(14,666)	(2,057)	(4,959)	(1)	(21,683)
Transfer to Stage 1	4	(4)	–	–	–
Transfer to Stage 2	(1,691)	1,691	–	–	–
Transfer to Stage 3	(50)	–	50	–	–
Modifications in allowance	(3,672)	1,117	2,092	105	(358)
Translation differences	(158)	(1)	–	–	(159)
Allowance at 30 June 2019 (unaudited)	22,962	1,204	–	353	24,519
New assets originated or purchased	4,149	–	–	–	4,149
Assets derecognized/(repaid)	(4,454)	(7)	–	(11)	(4,472)
Transfer to Stage 2	(10)	10	–	–	–
Modifications in allowance	6,463	(1,093)	–	–	5,370
Translation differences	(134)	–	–	–	(134)
Allowance at 30 June 2019 (unaudited)	28,976	114	–	342	29,432

	<i>Stage 1 Collective</i>	<i>Stage 2 Individual</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Collective</i>	<i>Total</i>
Allowance at 1 January 2018	23 632	–	68	15	23,715
New assets originated or purchased	19,119	–	–	–	19,119
Assets derecognized/(repaid)	(6,064)	–	(68)	–	(6,132)
Transfer to Stage 1	1,569	(1,569)	–	–	–
Transfer to Stage 2	(9,516)	9,472	44	–	–
Transfer to Stage 3	(762)	–	(4)	766	–
Modifications in allowance	5,974	(1,314)	606	(687)	4,579
Allowance at 30 June 2018 (unaudited)	33,952	6,589	646	94	41,281
New assets originated or purchased	7,442	–	–	–	7,442
Assets derecognized/(repaid)	(5,608)	–	–	–	(5,608)
Transfer to Stage 2	(423)	–	423	–	–
Transfer to Stage 3	–	–	(646)	646	–
Modifications in allowance	(378)	(4,480)	453	956	(3,449)
Translation differences	174	–	–	–	174
Allowance at 30 September 2018 (unaudited)	35,159	2,109	876	1696	39,840

Finance lease receivables

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

	<i>Stage 1 Collective</i>	<i>Stage 3 Individual</i>	<i>Total</i>
Gross carrying amount at 1 January 2019	1,356,252	4,645	1,360,897
Change in carrying amount	1,246,007	–	1,246,007
Gross carrying amount at 30 June 2019 (unaudited)	2,602,259	4,645	2,606,904
Change in carrying amount	(102,944)	–	(102,944)
Gross carrying amount at 30 September 2019 (unaudited)	2,499,315	4,645	2,503,960

	<i>Stage 1 Collective</i>	<i>Stage 3 Individual</i>	<i>Total</i>
Gross carrying amount at 1 January 2018	62,654	4,645	67,299
New assets originated or purchased	2,291	–	2,291
Assets derecognized/(repaid)	(51,674)	–	(51,674)
Change in carrying amount	(3,056)	–	(3,056)
Gross carrying amount at 30 June 2018 (unaudited)	10,215	4,645	14,860
Assets derecognized/(repaid)	(734)	–	(734)
Change in carrying amount	(1,323)	–	(1,323)
Gross carrying amount at 30 September 2018 (unaudited)	8,158	4,645	12,803

	<i>Stage 1 Collective</i>	<i>Stage 3 Individual</i>	<i>Total</i>
Allowance at 1 January 2019	29,798	4,645	34,443
Changes in allowance	20,086	–	20,086
Allowance at 30 June 2019 (unaudited)	49,884	4,645	54,529
Changes in allowance	(2,294)	–	(2,294)
Allowance at 30 September 2019 (unaudited)	47,590	4,645	52,235

	<i>Stage 1 Collective</i>	<i>Stage 3 Individual</i>	<i>Total</i>
Allowance at 1 January 2018	1,243	4,645	5,888
New assets originated or purchased	14	–	14
Assets derecognized/(repaid)	(940)	–	(940)
Changes in allowance	(291)	–	(291)
Allowance at 30 June 2018 (unaudited)	26	4,645	4,671
Assets derecognized/(repaid)	(16)	–	(16)
Changes in allowance	(2)	–	(2)
Allowance at 30 September 2018 (unaudited)	8	4,645	4,653

Promissory notes

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

	<i>Stage 1 Collective</i>
Gross carrying amount at 1 January 2019	74,717
New assets originated or purchased	112,909
Assets derecognized/(repaid)	(119,506)
Change in carrying amount	5,279
Gross carrying amount at 30 June 2019 (unaudited)	73,399
New assets originated or purchased	78,728
Assets derecognized/(repaid)	(96,009)
Change in carrying amount	1,892
Gross carrying amount at 30 September 2019 (unaudited)	58,010

	<i>Stage 1 Collective</i>
Gross carrying amount at 1 January 2018	52,614
New assets originated or purchased	95,219
Assets derecognized/(repaid)	(81,743)
Change in carrying amount	1,093
Gross carrying amount at 30 June 2018 (unaudited)	67,183
New assets originated or purchased	72,950
Assets derecognized/(repaid)	(66,093)
Change in carrying amount	44
Gross carrying amount at 30 September 2018 (unaudited)	74,084

	<i>Stage 1 Collective</i>
Allowance at 1 January 2019	963
New assets originated or purchased	1,194
Assets derecognized/(repaid)	(1,269)
Changes in allowance	(8)
Allowance at 30 June 2019 (unaudited)	880
New assets originated or purchased	979
Assets derecognized/(repaid)	(1,090)
Changes in allowance	13
Allowance at 30 September 2019 (unaudited)	782

	<i>Stage 1 Collective</i>
Allowance at 1 January 2018	767
New assets originated or purchased	1,206
Assets derecognized/(repaid)	(1,028)
Changes in allowance	84
Allowance at 30 June 2018 (unaudited)	1,029
New assets originated or purchased	1,067
Assets derecognized/(repaid)	(1,020)
Allowance at 30 September 2018 (unaudited)	1,076

Modified loans

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

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

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

	<i>For the period ended 30 September</i>	
	<i>2019</i>	<i>2018</i>
	<i>(unaudited)</i>	
Loans to customers modified during the period		
Amortised cost before modification	12,185,605	17,669,903
Net modification losses	(46,643)	(565,893)

9. Investment securities

Investment securities at fair value through profit or loss

As at 30 September 2019, investment securities at FVPL with the carrying value of UAH 25,398,723 thousand (31 December 2018: UAH 26,653,561 thousand) are represented by Ukrainian state bonds. The conditions of issue of those securities provide for indexation of the nominal value by maturity according to the changes in the average interbank exchange rate of Hryvnia to US Dollar per month prior to the date of issue and per month prior to the maturity date. Coupon yield is not subject to indexation.

Investment securities at fair value through other comprehensive income

	<i>30 September 2019</i> <i>(unaudited)</i>	<i>31 December</i> <i>2018</i>
Ukrainian state bonds	21,019,621	34,371,218
Corporate bonds	1,378,716	1,401,274
Corporate shares	17,897	16,603
Investment securities at fair value through other comprehensive income	22,416,234	35,789,095

The following tables show the analysis of changes in the gross carrying amount and the corresponding ECL on investment securities at fair value through other comprehensive income:

	<i>Stage 1</i> <i>Collective</i>	<i>Stage 3</i> <i>Individual</i>	<i>Total</i>
Gross carrying amount at 1 January 2019	35,794,632	4,218,021	40,012,653
New assets originated or purchased	7,063,578	—	7,063,578
Assets derecognized/(repaid)	(9,387,744)	—	(9,387,744)
Change in carrying amount	(92,893)	—	(92,893)
Translation differences	(1,117,776)	—	(1,117,776)
Gross carrying amount at 30 June 2019 (unaudited)	32,259,797	4,218,021	36,477,818
New assets originated or purchased	3,012,932	—	3,012,932
Assets derecognized/(repaid)	(11,913,450)	—	(11,913,450)
Change in carrying amount	430,284	—	430,284
Translation differences	(1,370,284)	—	(1,370,284)
Gross carrying amount at 30 September 2019 (unaudited)	22,419,279	4,218,021	26,637,300

	<i>Stage 1 Collective</i>	<i>Stage 3 Individual</i>	<i>Total</i>
Gross carrying amount at 1 January 2018	48,254,711	4,218,021	52,472,732
New assets originated or purchased	20,241,457	—	20,241,457
Assets derecognized/(repaid)	(24,336,404)	—	(24,336,404)
Change in carrying amount	(678,112)	—	(678,112)
Translation differences	(2,495,245)	—	(2,495,245)
Gross carrying amount at 30 June 2018 (unaudited)	40,986,407	4,218,021	45,204,428
New assets originated or purchased	2,258,289	—	2,258,289
Assets derecognized/(repaid)	(4,365,032)	—	(4,365,032)
Change in carrying amount	(169,389)	—	(169,389)
Translation differences	2,438,688	—	2,438,688
Gross carrying amount at 30 September 2018 (unaudited)	41,148,963	4,218,021	45,366,984
	<i>Stage 1 Collective</i>	<i>Stage 3 Individual</i>	<i>Total</i>
Allowance at 1 January 2019	5,537	4,218,021	4,223,558
Changes in allowance	(1,046)	—	(1,046)
Allowance at 30 June 2019 (unaudited)	4,491	4,218,021	4,222,512
Changes in allowance	(1,446)	—	(1,446)
Allowance at 30 September 2019 (unaudited)	3,045	4,218,021	4,221,066
	<i>Stage 1 Collective</i>	<i>Stage 3 Individual</i>	<i>Total</i>
Allowance at 1 January 2018	7,374	4,218,021	4,225,395
Changes in allowance	(278)	—	(278)
Allowance at 30 June 2018 (unaudited)	7,096	4,218,021	4,225,117
Changes in allowance	(331)	—	(331)
Allowance at 30 September 2018 (unaudited)	6,765	4,218,021	4,224,786

10. Other assets and liabilities

Other assets comprise:

	<i>30 September 2019 (unaudited)</i>	<i>31 December 2018</i>
Other financial assets		
Other accrued income	334,980	363,981
Transit accounts on operations with payment cards	172,302	169,002
Accounts receivable on operations with customers	56,927	64,987
Accrued service fee on financial guarantees issued	17,256	18,804
Other	106	122
	581,571	616,896
Less: allowance for impairment	(387,992)	(389,595)
Other financial assets	193,579	227,301
Other assets		
Other tax assets, except those related to income tax	149,678	463,496
Advance payments	128,275	1,688,710
Precious metals	72,376	83,634
Inventories	35,693	32,743
Cash, which availability is not confirmed	30,824	34,855
Other	2,443	3,017
	419,289	2,306,455

	30 September 2019 (unaudited)	31 December 2018
Less: allowance for impairment	(93,143)	(82,233)
Other assets	326,146	2,224,222
Total other assets	519,725	2,451,523
Other liabilities comprise:		
	30 September 2019 (unaudited)	31 December 2018
Other financial liabilities		
Transit accounts on operations with customers	62,563	31,643
Transit accounts on operations with payment cards	37,279	29,771
Liabilities on financial guarantees issued	7,348	8,756
Lease liabilities	7,324	—
Accrued expenses	3,381	6,481
Other financial liabilities	117,895	76,651
Other liabilities		
Accrued unused vacations	115,502	111,952
Payables to the Individual Deposit Guarantee Fund	63,514	64,542
Payables on taxes and mandatory contributions, except for income tax	38,871	38,040
Deferred income	31,420	27,329
Accrued salary	24,619	71,727
Payables on the Bank's business activities	12,377	22,627
Deductions from salary	7,389	135
Accrued pension contributions	1,534	1,800
Other	7,291	8,820
Other liabilities	302,517	346,972
Total other liabilities	420,412	423,623

The following tables show the analysis of changes in the gross carrying amount and the corresponding ECL on other financial assets (except for transit accounts on operations with payment cards):

	Stage 1 Collective
Gross carrying amount at 1 January 2019	447,894
New assets originated or purchased	36,865
Assets derecognized/(repaid)	(44,536)
Change in carrying amount	(27,745)
Written-off assets	(121)
Translation differences	(2,416)
Gross carrying amount at 30 June 2019 (unaudited)	409,941
New assets originated or purchased	29,844
Assets derecognized/(repaid)	(26,083)
Change in carrying amount	(657)
Written-off assets	(41)
Translation differences	(3,735)
Gross carrying amount at 30 September 2019 (unaudited)	409,269
	Stage 1 Collective
Gross carrying amount at 1 January 2018	553,780
New assets originated or purchased	63,313
Assets derecognized/(repaid)	(164,895)
Change in carrying amount	(3,184)
Translation differences	(3,512)
Gross carrying amount at 30 June 2018 (unaudited)	445,502
New assets originated or purchased	9,476

	<i>Stage 1 Collective</i>
Assets derecognized/(repaid)	(8,858)
Change in carrying amount	1,193
Translation differences	3,256
Gross carrying amount at 30 September 2018 (unaudited)	450,569

	<i>Stage 1 Collective</i>
Allowance at 1 January 2019	389,595
New assets originated or purchased	5,932
Assets derecognized/(repaid)	(4,678)
Changes in allowance	2,823
Written-off assets	(121)
Translation differences	(2,507)
Allowance at 31 June 2019 (unaudited)	391,044
New assets originated or purchased	3,013
Assets derecognized/(repaid)	(2,789)
Changes in allowance	474
Written-off assets	(41)
Translation differences	(3,709)
Allowance at 30 September 2019 (unaudited)	387,992

	<i>Stage 1 Collective</i>
Allowance at 1 January 2018	466,342
New assets originated or purchased	2,901
Assets derecognized/(repaid)	(6,827)
Transfer to POCI	(109,304)
Changes in allowance	(6,954)
Translation differences	(5,626)
Allowance at 30 June 2018 (unaudited)	340,532
New assets originated or purchased	1,057
Assets derecognized/(repaid)	(2,971)
Changes in allowance	149
Translation differences	3,081
Allowance at 30 September 2018 (unaudited)	341,848

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

Allowance at 1 January 2019	82,233
Charge	13,956
Translation differences	(1,534)
Allowance at 30 June 2019 (unaudited)	94,655
Charge	867
Translation differences	(2,379)
Allowance at 30 September 2019 (unaudited)	93,143

Allowance at 1 January 2018	73,005
Charge	2,709
Translation differences	29
Allowance at 30 June 2018 (unaudited)	75,743
Charge	1,534
Translation differences	2,278
Allowance at 30 September 2018 (unaudited)	79,555

11. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	<i>30 September 2019</i> <i>(unaudited)</i>	<i>31 December 2018</i>
Current accounts		
Ukrainian banks	1,128,645	1,611,668
CIS and other banks	2,664	474
	1,131,309	1,612,142
Loans and deposits		
International financial institutions	21,638,590	22,475,335
OECD banks	86,488	231,162
Ukrainian banks	83,568	87,273
	21,808,646	22,793,770
Other amounts due to credit institutions	—	1
Amounts due to credit institutions	22,939,955	24,405,913

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

12. Amounts due to customers

Amounts due to customers comprise:

	<i>30 September 2019</i> <i>(unaudited)</i>	<i>31 December 2018</i>
Current accounts		
- Legal entities	16,766,102	18,106,953
- Budget financed organizations	8,386,464	6,592,570
- Individuals	3,910,619	4,110,000
- Funds under the Bank's management	1	1
	29,063,186	28,809,524
Time deposits		
- Legal entities	26,732,192	31,235,635
- Individuals	21,112,984	22,117,965
- Budget financed organizations	1,687,967	—
	49,533,143	53,353,600
Amounts due to customers	78,596,329	82,163,124
Held as security against loans to customers	923,496	1,152,540
Held as security against letters of credit (Note 15)	902,185	1,020,095
Held as security against guarantees and avals (Note 15)	664,262	899,741
Held as security against undrawn loan commitments (Note 15)	3,990	12,800

As at 30 September 2019, amounts due from customers are designated at amortised cost (31 December 2018: at amortised cost), except for attracted deposits and current accounts in gold in the amount of UAH 53,578 thousand (31 December 2018: UAH 66,045 thousand) at fair value through profit or loss (31 December 2018: at fair value through profit or loss).

13. Eurobonds issued

	<i>30 September 2019</i> <i>(unaudited)</i>			<i>31 December 2018</i>		
	<i>Nominal value</i> <i>('000)</i>	<i>Currency</i>	<i>Carrying amount</i>	<i>Nominal value</i> <i>('000)</i>	<i>Currency</i>	<i>Carrying amount</i>
April 2010 issue	500,000	USD	6,250 091	500,000	USD	14,044,589
October 2010 issue	250,000	USD	3,125 045	250,000	USD	7,022,294
January 2013 issue	500,000	USD	12,203 642	500,000	USD	14,355,526
April 2013 issue	100,000	USD	2,440 728	100,000	USD	2,871,105
March 2018 issue	4,051,000	UAH	4,086,448	4,051,000	UAH	4,248,391
Eurobonds issued			28,105,954			42,541,905

14. Equity

As at 30 September 2019, the Bank's authorised issued share capital comprised 26,490,412 (31 December 2018: 26,490,412) ordinary registered shares with a nominal value of UAH 1,462.04 per share (31 December 2018: 1,462.04 per share). As at 30 September 2019, 26,490,412 ordinary registered shares were fully paid and registered (31 December 2018: all shares were fully paid and registered).

Movements in revaluation reserves

Movements in revaluation reserves were as follows:

	<i>Property revaluation reserve</i>	<i>Unrealised gains/ (losses) on investment securities at fair value through other comprehensive income</i>	<i>Revaluation reserves</i>
At 1 January 2018	724,063	(512,280)	211,783
Depreciation of revaluation reserve, net of tax	(9,948)	—	(9,948)
Other comprehensive loss to be subsequently reclassified to the consolidated statement of profit and loss			
Net loss on investment securities at fair value through other comprehensive income, including:	—	(929,750)	(929,750)
Reversal of expenses for expected credit losses on investment securities at fair value through other comprehensive income	—	610	610
Net loss on investment securities at fair value through other comprehensive income reclassified to the consolidated statement of profit and loss (consolidated statement of income)	—	50,083	50,083
Net unrealised losses on investment securities at fair value through other comprehensive income	—	(980,443)	(980,443)
Income tax related to components of other comprehensive income	—	—	—
At 30 September 2018 (unaudited)	714,115	(1,442,030)	(727,915)
At 31 December 2018	710,805	(1,527,211)	(816,406)
Depreciation of revaluation reserve, net of tax	(9,928)	—	(9,928)
Other comprehensive loss to be subsequently reclassified to the consolidated statement of profit and loss			
Net income on investment securities at fair value through other comprehensive income, including:	—	32,975	32,975
Reversal of expenses for expected credit losses on investment securities at fair value through other comprehensive income	—	2,492	2,492
Net realised loss on investment securities at fair value through other comprehensive income reclassified to the consolidated statement of profit and loss (consolidated income statement)	—	7,208	7,208
Net unrealised gains on investment securities at fair value through other comprehensive income	—	23,275	23,275
Income tax related to components of other comprehensive income	—	—	—
At 30 September 2019 (unaudited)	700,877	(1,494,236)	(793,359)

15. Credit-related commitments

Credit-related commitments included:

	<i>30 September 2019 (unaudited)</i>	<i>31 December 2018</i>
Undrawn loan commitments	7,478,493	5,588,762
Guarantees	3,901,038	4,166,892
Letters of credit	941,783	1,080,298
Avals on promissory notes	489,072	349,446
	12,810,386	11,185,398

	30 September 2019 (unaudited)	31 December 2018
Less: provisions	(124,472)	(72,625)
Credit-related commitments (before cash held as security)	12,685,914	11,112,773
Less: cash held as security against letters of credit, avals, guarantees and undrawn loan commitments (Notes 12)	(1,570,437)	(1,932,636)
Credit-related commitments	11,115,477	9,180,137

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

	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual	Stage 3 Collective	Total
Credit-related commitments at 1 January 2019	5,475,800	—	6,664	100,069	6,229	5,588,762
New liabilities originated or purchased	4,263,992	—	—	—	—	4,263,992
Liabilities derecognized/(repaid)	(3,411,370)	—	(14,147)	(22,581)	(5,182)	(3,453,280)
Transfer to Stage 1	2,639	—	(2,316)	—	(323)	—
Transfer to Stage 2	(468,144)	453,799	14,345	—	—	—
Transfer to Stage 3	(4,805)	—	(614)	4,449	970	—
Changes in carrying amount	513,100	64,684	1,564	(80,974)	(61)	498,313
Translation differences	(154,558)	—	(100)	—	—	(154,658)
Credit-related commitments at 30 June 2019 (unaudited)	6,216,654	518,483	5,396	963	1,633	6,743,129
New liabilities originated or purchased	2,870,899	—	—	—	—	2,870,899
Liabilities derecognized/(repaid)	(1,618,949)	—	(5,730)	(952)	(606)	(1,626,237)
Transfer to Stage 1	913	—	(847)	—	(66)	—
Transfer to Stage 2	(6,054)	—	6,054	—	—	—
Transfer to Stage 3	(730)	(518,483)	(268)	518,483	998	—
Changes in carrying amount	(376,336)	—	7,079	98,557	265	(270,435)
Translation differences	(238,854)	—	(9)	—	—	(238,863)
Credit-related commitments at 30 September 2019 (unaudited)	6,847,543	—	11,675	617,051	2,224	7,478,493
	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual	Stage 3 Collective	Total
Credit-related commitments at 1 January 2018	3,415,214	—	18,805	—	397	3,434,416
New liabilities originated or purchased	3,625,855	—	—	—	—	3,625,855
Liabilities derecognized/(repaid)	(1,705,130)	—	(19,136)	—	(128)	(1,724,394)
Transfer to Stage 1	83,040	(542)	(82,316)	—	(182)	—
Transfer to Stage 2	(115,640)	5,838	109,802	—	—	—
Transfer to Stage 3	(1,750)	—	(266)	886	1,130	—
Changes in carrying amount	485,614	(5,015)	(9,526)	—	39,570	510,643
Translation differences	(62,775)	—	(56)	—	—	(62,831)
Credit-related commitments at 30 June 2018 (unaudited)	5,724,428	281	17,307	886	40,787	5,783,689
New liabilities originated or purchased	2,918,515	—	—	—	—	2,918,515
Liabilities derecognized/(repaid)	(1,559,914)	(281)	(787)	(509)	(40,092)	(1,601,583)
Transfer to Stage 1	502	—	(363)	—	(139)	—
Transfer to Stage 2	(16,279)	15,568	1 088	(377)	—	—
Transfer to Stage 3	(303)	—	(6,137)	—	6,440	—
Changes in carrying amount	(1,292,108)	(2,830)	(358)	—	(2,142)	(1,297,438)
Translation differences	135,963	—	68	—	—	136,031
Credit-related commitments at 30 September 2018 (unaudited)	5,910,804	12,738	10,818	—	4,854	5,939,214

	<i>Stage 1 Collective</i>	<i>Stage 2 Individual</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>	<i>Total</i>
Provision of credit-related commitments at 1 January 2019	61,657	—	91	3,981	2,956	68,685
New liabilities originated or purchased	76,813	—	—	—	—	76,813
Liabilities derecognized/(repaid)	(45,902)	—	(144)	(1,450)	(2,345)	(49,841)
Transfer to Stage 1	229	—	(20)	—	(209)	—
Transfer to Stage 2	(8,316)	8,182	134	—	—	—
Transfer to Stage 3	(255)	—	(70)	87	238	—
Changes in allowance	(34,723)	(8,182)	118	(2,618)	127	(45,278)
Translation differences	(1,792)	—	—	—	—	(1,792)
Provision of credit-related commitments at 30 June 2019 (unaudited)	47,711	—	109	—	767	48,587
New liabilities originated or purchased	52,579	—	—	—	—	52,579
Liabilities derecognized/(repaid)	(15,420)	—	(96)	—	(312)	(15,828)
Transfer to Stage 1	48	—	(16)	—	(32)	—
Transfer to Stage 2	(123)	—	123	—	—	—
Transfer to Stage 3	(37)	—	(39)	—	76	—
Changes in allowance	(11,784)	—	151	50,188	89	38,644
Translation differences	(2,280)	—	—	—	—	(2,280)
Provision of credit-related commitments at 30 September 2019 (unaudited)	70,694	—	232	50,188	588	121,702
	<i>Stage 1 Collective</i>	<i>Stage 2 Individual</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>	<i>Усього</i>
Provision of credit-related commitments at 1 January 2018	44,067	—	408	—	233	44,708
New liabilities originated or purchased	48,962	—	—	—	—	48,962
Liabilities derecognized/(repaid)	(24,119)	—	(386)	—	(65)	(24,570)
Transfer to Stage 1	160	—	(47)	—	(113)	—
Transfer to Stage 2	(142)	—	142	—	—	—
Transfer to Stage 3	(311)	—	(76)	56	331	—
Changes in allowance	(12,526)	—	1,296	—	11,500	270
Translation differences	(1,539)	—	—	—	15,944	14,405
Provision of credit-related commitments at 30 June 2018 (unaudited)	54,552	—	1,337	56	27,830	83,775
New liabilities originated or purchased	80,289	—	—	—	—	80,289
Liabilities derecognized/(repaid)	(22,858)	—	(69)	—	(27,472)	(50,399)
Transfer to Stage 1	90	—	(6)	—	(84)	—
Transfer to Stage 2	(2,565)	2,543	78	(56)	—	—
Transfer to Stage 3	(57)	—	(1,228)	—	1,285	—
Changes in allowance	(12,843)	(2,543)	—	—	636	(14,750)
Translation differences	1,035	—	—	—	—	1,035
Provision of credit-related commitments at 30 September 2018 (unaudited)	97,643	—	112	—	2,195	99,950

The following tables show the analysis of changes in the letters of credit (except for security accounts) and the corresponding provisions:

	<i>Stage 1 Collective</i>
Letters of credit at 1 January 2019	60,204
New created or purchased letters of credit	12,133
Changes in letters of credit	(11,491)
Translation differences	(3,840)
Letters of credit at 30 June 2019 (unaudited)	57,006
New created or purchased letters of credit	6,948
Expired (redeemed) letters of credit	(15,092)
Changes in letters of credit	(3,917)
Translation differences	(5,347)
Letters of credit at 30 September 2019 (unaudited)	39,598
	<i>Stage 1 Collective</i>
Letters of credit at 1 January 2018	20,349
New created or purchased letters of credit	74,500
Expired (redeemed) letters of credit	(19,244)
Translation differences	(5,971)
Letters of credit at 30 June 2018 (unaudited)	69,634
Changes in letters of credit	(4,928)
Translation differences	5,833
Letters of credit at 30 September 2018 (unaudited)	70,539
	<i>Stage 1 Collective</i>
Provision for letters of credit at 1 January 2019	2,360
New created or purchased letters of credit	58
Changes in allowance	(1,173)
Translation differences	(125)
Provision for letters of credit at 30 June 2019 (unaudited)	1,120
New created or purchased letters of credit	3
Expired (redeemed) letters of credit	(52)
Changes in allowance	(126)
Translation differences	(124)
Provision for letters of credit at 30 September 2019 (unaudited)	821
	<i>Stage 1 Collective</i>
Provision for letters of credit at 1 January 2018	—
New created or purchased letters of credit	2,993
Changes in allowance	239
Translation differences	(293)
Provision for letters of credit at 30 June 2018 (unaudited)	2,939
Changes in allowance	(225)
Translation differences	271
Provision for letters of credit at 30 September 2018 (unaudited)	2,985

The following tables show the analysis of changes in avals and corresponding provisions:

	<i>Stage 1 Collective</i>
Avals at 1 January 2019	349,446
New created or purchased avals	885,138
Avals derecognized/(repaid)	(420,623)
Changes in avals	(374,604)
Avals at 30 June 2019 (unaudited)	439,357
New created or purchased avals	327,290
Avals derecognized/(repaid)	(212,165)
Changes in avals	(65,410)
Avals at 30 September 2019 (unaudited)	489,072

	<i>Stage 1 Collective</i>
Avals at 1 January 2018	333,227
New created or purchased avals	1,028,606
Avals derecognized/(repaid)	(653,419)
Avals at 30 June 2018 (unaudited)	708,414
New created or purchased avals	216,556
Avals derecognized/(repaid)	(519,469)
Avals at 30 September 2018 (unaudited)	405,501

	<i>Stage 1 Collective</i>
Provision for avals at 1 January 2019	30
New created or purchased avals	80
Avals derecognized/(repaid)	(29)
Changes in allowance	(45)
Provision for avals at 30 June 2019 (unaudited)	36
New created or purchased avals	23
Avals derecognized/(repaid)	(19)
Changes in allowance	(8)
Provision for avals at 30 September 2019 (unaudited)	32

	<i>Stage 1 Collective</i>
Provision for avals at 1 January 2018	27
New created or purchased avals	66
Avals derecognized/(repaid)	(50)
Provision for avals at 30 June 2018 (unaudited)	43
New created or purchased avals	21
Avals derecognized/(repaid)	(28)
Provision for avals at 30 September 2018 (unaudited)	36

The following tables show the analysis of changes in guarantees and corresponding provisions:

	<i>Stage 1 Collective</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Collective</i>	<i>Total</i>
Guarantees at 1 January 2019	3,936,567	66,467	163,858	4,166,892
New created or purchased guarantees	928,575	—	—	928,575
Guarantees derecognised or repaid	(941,158)	(3,367)	—	(944,525)
Transfer to Stage 1	2,585	(2,585)	—	—
Transfer to Stage 2	(23,254)	23,254	—	—
Transfer to Stage 3	—	(13,496)	13,496	—

	<i>Stage 1 Collective</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Collective</i>	<i>Total</i>
Changes in guarantees	(181,214)	(14,547)	–	(195,761)
Translation differences	(127,433)	(545)	(10,663)	(138,641)
Guarantees at 30 June 2019 (unaudited)	3,594,668	55,181	166,691	3,816,540
New created or purchased guarantees	667,669	–	–	667,669
Guarantees derecognised or repaid	(252,982)	–	–	(252,982)
Changes in guarantees	(117,874)	(4,720)	–	(122,594)
Translation differences	(188,800)	(208)	(18,587)	(207,595)
Guarantees at 30 September 2019 (unaudited)	3,702,681	50,253	148,104	3,901,038

	<i>Stage 1 Collective</i>	<i>Stage 2 Collective</i>	<i>Total</i>
Guarantees at 1 January 2018	2,809,454	236,353	3,045,807
New created or purchased guarantees	627,827	–	627,827
Guarantees derecognised or repaid	(709,002)	(59,321)	(768,323)
Transfer to Stage 1	11,500	(11,500)	–
Transfer to Stage 2	(11,500)	11,500	–
Changes in guarantees	(76,028)	–	(76,028)
Translation differences	(120,228)	(16,477)	(136,705)
Guarantees at 30 June 2018 (unaudited)	2,532,023	160,555	2,692,578
New created or purchased guarantees	444,251	–	444,251
Guarantees derecognised or repaid	(238,670)	–	(238,670)
Changes in guarantees	(18,786)	–	(18,786)
Translation differences	123,519	13,442	136,961
Guarantees at 30 September 2018 (unaudited)	2,842,337	173,997	3,016,334

	<i>Stage 1 Collective</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Collective</i>	<i>Total</i>
Provision for guarantees at 1 January 2019	1,546	4	–	1,550
New created or purchased guarantees	529	–	–	529
Derecognised (repaid) guarantees	(123)	–	–	(123)
Transfer to Stage 2	(19)	19	–	–
Transfer to Stage 3	–	(49)	49	–
Changes in allowance	(730)	40	833	143
Translation differences	(33)	(1)	(35)	(69)
Provision for guarantees at 30 June 2018 (unaudited)	1,170	13	847	2,030
New created or purchased guarantees	275	–	–	275
Derecognised (repaid) guarantees	(111)	–	–	(111)
Changes in allowance	(174)	(2)	–	(176)
Translation differences	(34)	–	(67)	(101)
Provision for guarantees at 30 September 2019 (unaudited)	1,126	11	780	1,917

	<i>Stage 1 Collective</i>
Provision for guarantees at 1 January 2018	575
New created or purchased guarantees	940
Derecognised (repaid) guarantees	(112)
Changes in allowance	(88)
Translation differences	(74)
Provision for guarantees at 30 June 2018 (unaudited)	1,241

	<i>Stage 1 Collective</i>
New created or purchased guarantees	72
Derecognised (repaid) guarantees	(61)
Changes in allowance	1
Translation differences	47
Provision for guarantees at 30 September 2018 (unaudited)	1,300

16. Personnel and other operating expenses

Personnel and other operating expenses comprise:

	<i>2019</i>		<i>2018</i>	
	<i>For the three months ended 30 September</i>	<i>For the nine months ended 30 September</i>	<i>For the three months ended 30 September</i>	<i>For the nine months ended 30 September</i>
	<i>(unaudited)</i>			
Salaries and bonuses	334,361	911,201	277,306	764,518
Mandatory contributions to the state funds	55,084	163,347	49,299	152,551
Personnel expenses	389,445	1,074,548	326,605	917,069
Payables to the Individual Deposit Guarantee Fund	63,513	192,364	62,782	182,427
Repair and maintenance of property and equipment	34,696	96,406	33,799	91,233
Security	13,379	41,398	12,574	36,794
Operating taxes	9,155	31,474	14,880	37,010
Maintenance of premises	8,856	31,523	7,790	30,015
Electronic and data processing costs	7,217	22,280	9,458	23,287
Expenses for cash collection	5,100	15,511	6,003	16,699
Administrative expenses	4,723	14,665	5,774	15,652
Communication services	4,017	11,846	3,633	10,510
Rent of premises	3,715	10,704	5,303	16,203
Charity	3,684	5,082	860	2,623
Business travel and related expenses	2,419	6,392	1,218	4,211
Marketing and advertising	1,570	5,947	1,370	1,733
Legal and advisory services	1,533	10,655	4,302	12,097
Representative offices expenses	1,122	2,731	1,172	2,924
Net losses from impairment of non-financial assets	867	14,823	1,534	4,243
Other	14,589	33,375	9,360	30,093
Other operating expenses	180,155	547,176	181,812	517,754

Expenses for contributions to the non-state pension fund for the period ended 30 September 2019 comprised UAH 17,063 thousand (30 September 2018: UAH 13,878 thousand).

17. Fair value of assets and liabilities

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

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

	30 September 2019 (unaudited)			31 December 2018		
	Carrying amount	Fair value	Unrecognised gain/(loss)	Carrying amount	Fair value	Unrecognised gain/(loss)
Financial assets						
Cash and cash equivalents	26,617,536	26,617,536	—	18,545,858	18,545,858	—
Amounts due from other banks	268,705	268,705	—	438,205	438,205	—
Loans to customers	62,842,960	60,145,480	(2,697,480)	72,496,358	69,630,486	(2,865,872)
Securities at amortised cost	—	—	—	49,855	49,104	(751)
Other assets	193,579	193,579	—	227,301	227,301	—
Financial liabilities						
Amounts due to other banks	22,939,955	22,939,955	—	24,405,913	24,405,913	—
Amounts due to customers	78,542,751	78,484,087	58,664	82,097,079	82,081,788	15,291
Eurobonds issued	28,105,954	29,680,730	(1,574,776)	42,541,905	41,262,680	1,279,225
Subordinated debt	3,045,476	3,084,245	(38,769)	3,584,690	3,448,469	136,221
Other liabilities	117,895	117,895	—	76,651	76,651	—
Total unrecognised change in unrealised fair value			<u>(4,252,361)</u>			<u>(1,435,886)</u>

The following describes the methodologies and assumptions used to determine fair values for the financial instruments that are not recorded at fair value in the interim condensed consolidated statement of financial position.

Assets, fair value of which approximates their carrying value

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

Fixed rate financial instruments

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

Fair value of financial assets carried at fair value

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

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

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

	<i>Fair value recurring measurements</i>		
	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
At 30 September 2019 (unaudited)			
Current accounts with other credit institutions in precious metals	9,642	–	9,642
Investment securities at fair value through profit or loss	25,398,723	–	25,398,723
Investment securities at fair value through other comprehensive income	22,398,337	17,897	22,416,234
Total assets	47,806,702	17,897	47,824,599
Amounts due to customers in precious metals	53,578	–	53,578
Total liabilities	53,578	–	53,578

	<i>Fair value recurring measurements</i>		
	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
At 31 December 2018			
Current accounts with other credit institutions in precious metals	131,685	–	131,685
Investment securities at fair value through profit or loss	26,653,561	–	26,653,561
Investment securities at fair value through other comprehensive income	35,772,492	16,603	35,789,095
Total assets	62,557,738	16,603	62,574,341
Amounts due to customers in precious metals	66,045	–	66,045
Total liabilities	66,045	–	66,045

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

During nine months ended 30 September 2019, the Bank did not transfer any financial assets from one level of the fair value hierarchy to another level of the fair value hierarchy.

The Bank measures financial assets by discounting cash flows from these instruments using the rates determined on the basis of non-observable data.

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 and liabilities recorded at fair value:

	<i>At 1 January 2019</i>	<i>Gain recognised in the interim condensed consolidated statement of profit and loss</i>	<i>Gain recognised in the interim condensed consolidated statement of comprehensive income</i>	<i>Settlements</i>	<i>At 30 September 2019 (unaudited)</i>
Investment securities at fair value through other comprehensive income	16,603	394	1,294	(394)	17,897
Total assets	16,603	394	1,294	(394)	17,897

	<i>At 1 January 2018</i>	<i>Total gain recorded in interim condensed consolidated statement of profit and loss</i>	<i>Gain recognised in the interim condensed consolidated statement of comprehensive income</i>	<i>Settlements</i>	<i>At 30 September 2018 (unaudited)</i>
Investment securities at fair value through other comprehensive income	15,097	560	1,113	(560)	16,210
Total assets	15,097	560	1,113	(560)	16,210

The table below shows the quantitative information as at 30 September 2019 about significant unobservable inputs used for fair valuation of the assets classified as those of Level 3 of the fair value hierarchy:

<i>At 30 September 2019 (unaudited)</i>	<i>Carrying amount</i>	<i>Valuation technique</i>	<i>Unobservable parameter</i>	<i>Range of parameter values</i>
Investment securities at fair value through other comprehensive income	17,897	Discounted cash flows	Risk factor	Corporate: 0-1.0
<i>At 30 September 2018 (unaudited)</i>	<i>Carrying amount</i>	<i>Valuation technique</i>	<i>Unobservable parameter</i>	<i>Range of parameter values</i>
Investment securities at fair value through other comprehensive income	16,210	Discounted cash flows	Risk factor	Corporate: 0-1.0

18. Related party disclosures

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

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

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

The outstanding balances with the key management personnel as at 30 September 2019 and 31 December 2018 and the related income and expense for the nine months ended 30 September 2019 and 2018 are as follows:

	<i>30 September 2019 (unaudited)</i>	<i>31 December 2018</i>
	<i>Key management personnel</i>	
Loans to customers	11	429
Less: Allowance for impairment	—	(6)
	11	423
Other assets	5	—
Current accounts	14,187	11,181
Time deposits	20,765	13,160
Amounts due to customers	34,952	24,341
Other liabilities	29	5

For the period ended 30 September

	2019	2018
	(unaudited)	
Interest income on loans	21	22
Interest expense on customer deposits	(870)	(509)
Commission income	12	12
Translation differences	3,982	(942)

During the six months ended 30 September 2019, the total compensation and other remunerations of the key management personnel comprised UAH 42,675 thousand. (UAH 673 thousand of payments to the non-state pension fund) (30 September 2018: UAH 31,115 thousand) (UAH 418 thousand of payments to the non-state pension fund)).

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

Balances with government-related entities which are individually significant in terms of the carrying value as at 30 September 2019 (unaudited) are disclosed below:

Client	Sector	Cash and cash equivalents	Loans to customers	Amounts due to customers	Guarantees issued
Client 1	State entities	—	—	4,523,160	—
Client 2	State entities	—	—	1,430,247	—
Client 3	State entities	—	—	725,075	—
Client 4	Agriculture and food industry	—	—	12,098,740	—
Client 5	Agriculture and food industry	—	769,561	—	—
Client 6	Extractive industry	—	9,284,438	744,656	—
Client 7	Extractive industry	—	1,861,247	—	—
Client 8	Power engineering	—	4,968,576	1,175,183	—
Client 9	Finance	4,984,273	—	—	—
Client 10	Trade	—	—	1,825,122	458,130
Client 11	Trade	—	—	—	579,730
Client 12	Trade	—	—	—	48,792
Client 13	Mechanical engineering	—	2,133,442	—	528,418
Client 14	Mechanical engineering	—	—	—	177,882
Client 15	Transport and communications	—	2,388,031	—	—
Client 16	Professional, scientific and technical activities	—	755,028	—	—
Other	—	—	898,517	7,476,399	42,095

Balances with government-related entities which are individually significant in terms of the carrying value as at 31 December 2018 are disclosed below:

Client	Sector	Cash and cash equivalents	Loans to customers	Amounts due to customers	Amounts due to credit institutions	Guarantees issued
Client 1	State entities	—	—	3,074,872	—	—
Client 2	State entities	—	—	1,695,382	—	—
Client 4	Agriculture and food industry	—	—	17,149,604	—	—
Client 5	Agriculture and food industry	—	1,452,146	—	—	—
Client 6	Extractive industry	—	14,301,076	790,050	—	—
Client 7	Extractive industry	—	2,162,457	997,126	—	—
Client 8	Power engineering	—	6,886,921	1,524,272	—	—
Client 9	Finance	2,952,279	—	—	—	—
Client 17	Finance	—	—	—	452,367	—
Client 13	Mechanical engineering	—	2,453,169	—	—	469,462
Client 14	Mechanical engineering	—	—	—	—	196,526
Client 10	Trade	—	—	1,452,994	—	777,844

(thousands of Ukrainian hryvnia, unless otherwise stated)

<i>Client</i>	<i>Sector</i>	<i>Cash and cash equivalents</i>	<i>Loans to customers</i>	<i>Amounts due to customers</i>	<i>Amounts due to credit institutions</i>	<i>Guarantees issued</i>
Client 11	Trade	—	—	—	—	714,369
Client 12	Trade	—	—	—	—	84,490
	Transport and communications	—	1,302,138	564,863	—	—
Other	—	—	864,381	6,635,272	—	—

For the nine-month period ended 30 September 2019, the Bank recorded UAH 1,782,915 thousand on significant transactions with the state-controlled entities (30 September 2018: 2,188,486 thousand) of interest income, including interest income from operations with the NBU deposit certificates with maturity up to 90 days – UAH 46,919 thousand. (30 September 2018: UAH 37,246 thousand), and interest expense of UAH 973,138 thousand (30 September 2018: UAH 1,007,731 thousand).

As at 30 September 2019 and 31 December 2018, the Bank's investments in debt securities issued by the government or the government-related corporate entities were as follows:

	<i>30 September 2019 (unaudited)</i>	<i>31 December 2018</i>
Investment securities at fair value through profit or loss	25,398,723	26,653,561
Investment securities at fair value through other comprehensive income	22,411,537	35,784,441

For the nine-month period ended 30 September 2019, the Bank recognised UAH 2,591,970 thousand on transactions with the State bonds (30 September 2018: UAH 2,958,713 thousand) of interest income, on transactions with other investment securities, UAH 193,854 thousand (30 September 2018: UAH 198,628 thousand) of interest income.

19. 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 its total assets to provide for observed and expected changes in the business environment and the risk profile of its business activities.

NBU capital adequacy ratio

The Bank's regulatory capital adequacy ratio was as follows:

	<i>30 September 2019 (unaudited)</i>	<i>31 December 2018</i>
Main capital	7,263,828	7,266,802
Additional capital, calculated	4,573,349	3,880,435
Additional capital, included in calculation of total capital (limited to main capital)	4,573,349	3,880,435
Total regulatory capital	11,837,177	11,147,237
Risk weighted assets	76,237,052	87,452,131
Main capital adequacy ratio	9.53%	—
Regulatory capital adequacy ratio	15.53%	12.75%

Starting January 2019, the NBU has implemented the main capital adequacy ratio.

The statutory value of the main capital adequacy ratio should be not less than 7%.

Regulatory capital comprises Tier 1 capital (Main capital) consisting of paid-in registered share capital plus reserves less expected losses, and Tier 2 capital (Additional capital) consisting of asset revaluation reserve, current profit, subordinated

debt and retained earnings. For regulatory capital calculation purposes, the qualifying 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 ratios computed in accordance with the Basel Capital Accord 1988 were as follows:

	30 September 2019 (unaudited)	31 December 2018
Tier 1 capital	10,151,949	8,632,895
Tier 2 capital, calculated	1,647,956	2,587,524
Tier 2 capital, included in calculation of total capital	1,647,956	2,587,524
Total capital	11,799,905	11,220,419
Risk weighted assets	78,054,095	87,646,914
Tier 1 capital adequacy ratio	13.0%	9.8%
Total capital adequacy ratio	15.1%	12.8%

20. Events after the reporting date

In November 2019, the Bank borrowed funds under subordinated debt in the amount of USD 100,000 thousand through issue by Biz Finance PLC company of LPN Eurobonds in the international capital markets with the coupon rate of 9.95% p.a. and maturity in 2029.

Joint Stock Company
THE STATE EXPORT IMPORT BANK OF UKRAINE
Protocol and Translation Department of Secretariat
I hereby officially certify that the above translation is true
Kyiv « 29 » November 2019
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