

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

**Interim condensed consolidated financial statements**

*For nine months ended September 30, 2021*

## CONTENTS

### INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

Interim Condensed Consolidated Statement of Financial Position.....	1
Interim Condensed Consolidated Statement of Profit and Loss .....	2
Interim Condensed Consolidated Statement of Comprehensive Income.....	3
Interim Condensed Consolidated Statement of Changes in Equity.....	4
Interim Condensed Consolidated Statement of Cash Flows .....	5

### NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Principal activities .....	6
2. Basis of preparation of financial statements and summary of accounting policies .....	6
3. Segment information.....	10
4. Cash and cash equivalents.....	14
5. Changes in liabilities in financial activities.....	14
6. Expenses for expected credit losses .....	15
7. Amounts due from credit institutions.....	17
8. Loans to customers .....	18
9. Investment securities.....	23
10. Derivative financial instruments .....	25
11. Other assets and liabilities.....	26
12. Amount due to the National Bank of Ukraine.....	28
13. Amounts due to credit institutions .....	28
14. Amounts due to customers.....	29
15. Eurobonds issued .....	29
16. Equity.....	29
17. Credit-related commitments .....	31
18. Personnel and other operating expenses .....	33
19. Fair value of assets and liabilities .....	34
20. Related party disclosures .....	38
21. Capital adequacy .....	40

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at September 30, 2021

(UAH, thousand)

	Notes	September 30, 2021 (unaudited)	December 31, 2020
<b>Assets</b>			
Cash and cash equivalents	4	48 754 855	49 912 943
Amounts due from credit institutions	7	8 362 043	370 160
Loans to customers	8	64 523 696	48 608 320
Investment securities:	9		
- at fair value through profit or loss		23 319 493	29 008 521
- at fair value through other comprehensive income		13 139 359	14 543 523
- at amortised cost		33 380 341	45 174 610
Derivative financial assets	10	734 861	108 231
Tax assets		250 331	250 331
Non-current assets held for sale		12 633	22 241
Investment property		1 175 744	1 143 451
Fixed assets and right of use assets		1 931 263	1 967 759
Intangible assets		39 251	51 984
Deferred tax assets		1 175 372	1 175 372
Other assets	11	544 491	537 829
<b>Total assets</b>		<b>197 343 733</b>	<b>192 875 275</b>
<b>Liabilities</b>			
Amounts due to the National Bank of Ukraine	12	21 367 399	16 008 768
Amounts due to credit institutions	13	26 367 204	26 119 028
Amounts due to customers	14	126 647 488	115 581 108
Eurobonds issued	15	6 443 260	18 537 152
Subordinated debt		3 568 763	4 341 176
Reserves for credit-related commitments	17	258 235	135 531
Other liabilities	11	1 005 050	1 803 616
<b>Total liabilities</b>		<b>185 657 399</b>	<b>182 526 379</b>
<b>Equity</b>	16		
Share capital		45 570 041	45 570 041
Revaluation reserves		119 334	525 683
Result from transactions with the shareholder		635 104	635 104
Uncovered loss		(34 638 145)	(36 589 390)
Reserve and other funds		—	207 458
<b>Total equity</b>		<b>11 686 334</b>	<b>10 348 896</b>
<b>Total equity and liabilities</b>		<b>197 343 733</b>	<b>192 875 275</b>

Authorized for release and signed

November 25, 2021

Acting Chairman of the Management Board

S.O. Iermakov

Chief Accountant

N.A. Potemskina

V. M. Medko 247-89-16

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for nine months ended September 30, 2021

(UAH, thousand)

	2021	2020		
	For the three months ended September 30	For the nine months ended September 30	For the three months ended September 30	For the nine months ended September 30 (recalculated)
Notes	(unaudited)			
Interest income				
Interest income calculated using effective interest rate:				
- loans to customers	1 434 590	3 661 665	1 293 779	4 116 674
- investment securities at fair value through other comprehensive income	308 553	919 163	279 226	960 632
- investment securities at amortized cost	699 407	2 192 233	419 795	598 454
- amounts due from credit institutions	310 215	826 129	57 114	369 985
Other interest income:				
- investment securities at fair value through profit or loss	305 103	913 155	309 050	920 530
- financial leasing	78 801	234 833	101 431	316 070
	3 136 669	8 747 178	2 460 395	7 282 345
Interest expense				
Amounts due to customers	(974 907)	(3 022 015)	(1 075 816)	(3 025 548)
Eurobonds issued	(158 708)	(693 330)	(747 192)	(2 230 541)
Amounts due to credit institutions	(193 648)	(602 969)	(263 461)	(840 603)
Subordinated debt	(88 756)	(281 253)	(105 942)	(334 984)
Amounts due to the National Bank of Ukraine	(426 685)	(978 216)	(24 483)	(94 183)
Other interest expenses	(217)	(708)	(315)	(847)
	(1 842 921)	(5 578 491)	(2 217 209)	(6 526 706)
Net interest income	1 293 748	3 168 687	243 186	755 639
Net loss from modification of financial assets measured at amortized cost	(7 413)	(9 987)	(178 593)	(253 509)
Net profit/(loss) from derecognition of financial assets measured at amortized cost	4 487	1 220 418	(515 569)	(368 031)
(Expenses) / expenses reversal for expected credit losses	6 (350 395)	(1 441 019)	586 766	(754 211)
Expenses reversal / (expenses) for expected credit losses on credit-related commitments	6 173 388	(136 575)	(3 371)	(25 506)
Commission income	319 974	812 648	223 230	642 495
Commission expense	(115 999)	(300 346)	(81 331)	(241 481)
Net (loss)/profit on investment securities at fair value through profit or loss	(653 403)	(2 301 063)	1 054 911	3 823 434
Net profit/(loss) on investment securities at fair value through other comprehensive income reclassified from report on comprehensive income at redemption	9 556	19 391	(13 087)	(33 059)
Net profit (loss) from transactions with foreign currencies:				
- dealing	210 099	550 322	100 925	212 226
- foreign exchange differences	446 109	1 401 332	(1 355 215)	(4 489 042)
Net profit / (loss) from transactions with derivative financial instruments:				
- trade transactions	166	(41 082)	—	—
- revaluation	(56 925)	624 765	—	—
Net profit/ (loss) from transactions with precious metals:				
- dealing	742	996	96	221
- revaluation	(1 082)	(1 794)	955	4 382
Other income	24 338	76 486	207 071	293 712
Personnel expenses	18 (436 941)	(1 306 399)	(369 251)	(1 092 545)
Depreciation and amortization	(28 800)	(86 573)	(28 255)	(85 511)
Other operating expenses	18 (204 178)	(521 213)	(194 120)	(623 974)
Profit / (loss) before tax	627 471	1 728 994	(321 652)	(2 234 760)
Income tax expense	—	—	—	—
Profit/ (loss) for the period	627 471	1 728 994	(321 652)	(2 234 760)

Authorised for release and signed

November 25, 2021

Acting Chairman of the Management Board

S.O. Iermakov

Chief Accountant

N.A. Potemskaya

V. M. Medko 247-89-16

The notes on pages 6-41 are an integral part of these interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**for nine months ended September 30, 2021**

(UAH, thousand)

	<i>2021</i>		<i>2020</i>	
	<i>For the three months ended September 30</i>	<i>For the nine months ended September 30</i>	<i>For the three months ended September 30</i>	<i>For the nine months ended September 30</i>
	<i>(unaudited)</i>			
<b>Profit/ (loss) for the period</b>	<b>627 471</b>	<b>1 728 994</b>	<b>(321 652)</b>	<b>(2 234 760)</b>
<b>Other comprehensive loss</b>				
<i>Other comprehensive loss to be reclassified to the consolidated statement of profit and loss in subsequent periods</i>				
Net losses on investment securities at fair value through other comprehensive income	(2 580)	(391 556)	(21 437)	(63 408)
Income tax related to components of other comprehensive income	—	—	—	—
<b>Other comprehensive loss for the period, after tax</b>	<b>(2 580)</b>	<b>(391 556)</b>	<b>(21 437)</b>	<b>(63 408)</b>
<b>Total comprehensive profit/(loss) for the period</b>	<b>624 891</b>	<b>1 337 438</b>	<b>(343 089)</b>	<b>(2 298 168)</b>

**Authorized for release and signed**

November 25, 2021

**Acting Chairman of the Management Board**

**S.O. Iermakov**

**Chief Accountant**

**N.A. Potemskina**

V. M. Medko 247-89-16

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for nine months ended September 30, 2021

(UAH, thousand)

	<i>Share capital</i>	<i>Unregistered share capital</i>	<i>Revaluation reserves</i>	<i>Result from transactions with the shareholder</i>	<i>Uncovered loss</i>	<i>Reserve and other funds</i>	<i>Total equity</i>
<b>As at January 1, 2020</b>	<b>38 730 042</b>	<b>–</b>	<b>337 779</b>	<b>635 104</b>	<b>(30 948 626)</b>	<b>162 926</b>	<b>8 917 225</b>
Loss for the period	–	–	–	–	(2 234 760)	–	(2 234 760)
Other comprehensive loss for the period (Note 16)	–	–	(63 408)	–	–	–	(63 408)
<b>Total comprehensive loss for the period</b>	<b>–</b>	<b>–</b>	<b>(63 408)</b>	<b>–</b>	<b>(2 234 760)</b>	<b>–</b>	<b>(2 298 168)</b>
Depreciation of revaluation reserve, net of tax (Note 16)	–	–	(9 928)	–	9 928	–	–
Part of profit directed to payment of dividends (Note 16)	–	–	–	–	(19 086)	–	(19 086)
Allocation of profit to reserve funds	–	–	–	–	(44 532)	44 532	–
Increase in share capital (Note 16)	–	6 839 999	–	–	–	–	6 839 999
<b>As at September 30, 2020 (unaudited)</b>	<b>38 730 042</b>	<b>6 839 999</b>	<b>264 443</b>	<b>635 104</b>	<b>(33 237 076)</b>	<b>207 458</b>	<b>13 439 970</b>
<b>As at January 01, 2021</b>	<b>45 570 041</b>	<b>–</b>	<b>525 683</b>	<b>635 104</b>	<b>(36 589 390)</b>	<b>207 458</b>	<b>10 348 896</b>
Profit for the period	–	–	–	–	1 728 994	–	1 728 994
Other cumulative loss for the period (Note 16)	–	–	(391 556)	–	–	–	(391 556)
<b>Other total profit for the period</b>	<b>–</b>	<b>–</b>	<b>(391 556)</b>	<b>–</b>	<b>1 728 994</b>	<b>–</b>	<b>1 337 438</b>
Depreciation of revaluation reserves, net of tax (Note 16)	–	–	(14 793)	–	14 793	–	–
Allocation of profit to reserve funds (Note 16)	–	–	–	–	(525 244)	525 244	–
Loss coverage from reserve funds (Note 16)	–	–	–	–	732 702	(732 702)	–
<b>As at September 30, 2021 (unaudited)</b>	<b>45 570 041</b>	<b>–</b>	<b>119 334</b>	<b>635 104</b>	<b>(34 638 145)</b>	<b>–</b>	<b>11 686 334</b>

Authorised for release and signed

November 25, 2021

Acting Chairman of the Management Board

S.O. Iermakov

Chief Accountant

N.A. Potemskaya

V. M. Medko 247-89-16

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (direct method)**  
**for nine months ended September 30, 2021**

(UAH, thousand)

	<i>Notes</i>	<i>For the period ended September 30</i>	
		<i>2021</i>	<i>2020</i>
		<i>(unaudited)</i>	
<b>Cash flows from operating activities</b>			
Interest received		8 620 200	6 977 774
Interest paid		(5 922 124)	(6 811 132)
Commissions received		794 167	649 009
Commissions paid		(300 346)	(241 481)
Result from dealing in foreign currencies and precious metals		551 318	212 447
Result from transactions with derivative financial instruments		(41 082)	—
Personnel expenses paid		(1 105 667)	(1 150 896)
Other operating income received		64 290	104 921
Other operating and administrative expenses paid		(547 299)	(595 909)
<b>Cash flow from operating activities before changes in operating assets and liabilities</b>		<b>2 113 457</b>	<b>(855 267)</b>
<i>Net (increase)/ decrease in operating assets</i>			
Amounts due from credit institutions		(8 690 769)	(167 374)
Loans to customers		(17 617 157)	7 723 836
Other assets		59 419	100 211
<i>Net increase / (decrease) in operating liabilities</i>			
Amounts due to credit institutions		1 387 988	(98 769)
Amounts due to the National Bank of Ukraine		5 358 304	3 413 000
Amounts due to customers		16 138 223	11 801 404
Other liabilities		(973 773)	23 681
<b>Net cash flows from operating activities before income tax</b>		<b>(2 224 308)</b>	<b>21 940 722</b>
Income tax advance paid		—	(3 448)
<b>Net cash flows from operating activities</b>		<b>(2 224 308)</b>	<b>21 937 274</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale and redemption of investment securities		49 947 607	12 059 350
Purchase of investment securities		(34 455 680)	(28 154 915)
Dividends received		933	699
Proceeds from sale of non-current assets held for sale		9 608	—
Purchase of fixed assets and intangible assets		(61 772)	(59 026)
Proceeds from investment property sale		104 813	—
<b>Net cash flows from investing activities</b>		<b>15 545 509</b>	<b>(16 153 892)</b>
<b>Cash flows from financing activities</b>			
Part of profit directed to dividends payment		—	(19 086)
Lease payments	5	(2 873)	(4 144)
Repayment of Eurobonds issued	5	(11 090 589)	(1 688 370)
Repayment of subordinated debt	5	(570 811)	(1 838 315)
Proceeds from borrowings from credit institutions	5	1 393 500	5 803 116
Repayment of borrowings from credit institutions	5	(1 859 081)	(5 314 389)
<b>Net cash flows from financing activities</b>		<b>(12 129 854)</b>	<b>(3 061 188)</b>
Effect of exchange rates changes on cash and cash equivalents		(2 362 417)	5 402 113
Effect of credit losses on cash and cash equivalents		12 982	5 900
<b>Net change in cash and cash equivalents</b>		<b>(1 158 088)</b>	<b>8 130 207</b>
Cash and cash equivalents, 1 January	4	49 912 943	33 469 935
<b>Cash and cash equivalents as at September 30</b>	4	<b>48 754 855</b>	<b>41 600 142</b>

**Authorized for release and signed**

November 25, 2021

**Acting Chairman of the Management Board**

**S.O. Iermakov**

**Chief Accountant**

**N.A. Potemskaya**

(UAH thousand, unless otherwise stated)

## 1. Principal activities

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

As at September 30, 2021 and December 31, 2020, 100% of Ukreximbank’s share capital are owned by the State represented by the Cabinet Ministers of Ukraine.

Ukreximbank’s head office is located in Kyiv at 127 Antonovycha Str. It has 22 branches and 29 sub-branches (December 31, 2020: 22 branches and 38 sub-branches) and two representative offices located in London and New-York. Ukreximbank and its branches form a single legal entity.

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

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

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

Ukreximbank prepares separate interim condensed financial statements and interim condensed consolidated financial statements that comprise the consolidated performance indicators of Ukreximbank and its subsidiaries “Lease Company “Ukreximleasing” and “Eximleasing” LLC.

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

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

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

### Basis of preparation of financial statements

These interim condensed consolidated financial statements for the nine months ended September 30, 2021, have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting*.

These interim condensed consolidated financial statements do not include all information and data subject to disclosure in the annual financial statements and should be read in conjunction with the Bank’s annual consolidated financial statements as at 31 December 2020, which have been prepared in accordance with IFRS and posted on the Bank’s website at <https://www.eximb.com/ua/bank/financial-information/financial-report/financial-report-2020.html>.

*(UAH thousand, unless otherwise stated)*

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

(UAH thousand, unless otherwise stated)

## Errors correction

In previous periods, the Bank has modified the terms of agreements on certain impaired loans to customers and other financial assets by changing the currency of assets without making changes to repayment schedules, which is a criterion for significant modification. The Bank has not derecognised the original financial assets and has not recognized a new financial asset that is impaired on initial recognition as a result of these significant modifications. The Bank also recorded other accrued income in accordance with the terms of the guarantee agreement, performed by the Bank as a separate financial asset and not as part of an asset initiated as a result of the performance of the guarantee. As a result, provisions for impairment of loans to customers and other financial assets were simultaneously overstated as of January 1, 2020, and loans to customers as of June 30 and September 30, 2020, as described below.

In addition, for the nine months ended September 30, 2020, the Bank recorded losses from derecognition of financial assets at amortized cost as a result of significant modifications in the amount of UAH 368,031 thousand as part of net profits / (losses) from the modification of financial assets at amortized cost together with the modification, that does not lead to the termination of financial assets recognition. The Bank corrected these errors in the annual consolidated financial statements as of and for the year ended 31 December 2020 and in these interim condensed financial statements for the nine months, ended 30 September 2021.

In accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, the correction of errors was performed retrospectively.

The tables below show the effect of correcting errors on comparative information in the interim condensed consolidated financial statements for the nine months ended September 30, 2021:

### Interim Consolidated Income Statement for the nine months ended September 30, 2020

For the nine months ended  
September 30, 2020  
(unaudited)

	According to previous statements	Effect of errors correction	Recalculated
Net losses from modification of financial assets at amortized cost	(621 540)	368 031	(253 509)
Net profit / (losses) from derecognition of financial assets at amortized cost	—	(368 031)	(368 031)
<b>Losses for the period</b>	<b>(2 234 760)</b>	<b>—</b>	<b>(2 234 760)</b>

The error correction had the following effect on the comparative information in the notes to the interim condensed consolidated financial statements for the nine months ended 30 September 2021:

### Note 6. Expenses on expected credit losses

The table below shows the amounts of expenses on expected credit losses, which are recognized as part of profit and loss:

For the three months ended September 30, 2020 (unaudited)	Stage 1 group-based	Stage 2 group-based	Stage 2 on individual basis	Stage 3 group-based	Stage 3 on individual basis	Purchased or originated credit impaired financial assets	Total
Loans to customers	(110 162)	64 151	219 677	(367 519)	(358 683)	(9 155)	(561 691)
Effect of error correction	—	—	—	—	(134)	134	—
Loans to customers	(110 162)	64 151	219 677	(367 519)	(358 817)	(9 021)	(561 691)
<b>Total expenses / (expenses reversal) on expected credit losses (according to previous statements)</b>	<b>(120 803)</b>	<b>64 151</b>	<b>219 677</b>	<b>(367 519)</b>	<b>(373 117)</b>	<b>(9 155)</b>	<b>(586 766)</b>
Effect of error correction	—	—	—	—	(134)	134	—

(UAH thousand, unless otherwise stated)

<i>For the three months ended September 30, 2020 (unaudited)</i>	<i>Stage 1 group-based</i>	<i>Stage 2 group-based</i>	<i>Stage 2 on individual basis</i>	<i>Stage 3 group-based</i>	<i>Stage 3 on individual basis</i>	<i>Purchased or originated credit impaired financial assets</i>	<i>Total</i>
Total expenses / (expenses reversal) on expected credit losses (recalculated)	<u>(120 803)</u>	<u>64 151</u>	<u>219 677</u>	<u>(367 519)</u>	<u>(373 251)</u>	<u>(9 021)</u>	<u>(586 766)</u>
<i>For the nine months ended September 30, 2020 (unaudited)</i>	<i>Stage 1 group-based</i>	<i>Stage 2 group-based</i>	<i>Stage 2 on individual basis</i>	<i>Stage 3 group-based</i>	<i>Stage 3 on individual basis</i>	<i>Purchased or originated credit impaired financial assets</i>	<i>Total</i>
Loans to customers	258 609	118 307	465 144	(101 631)	211 461	(160 875)	791 015
Effect of error correction	—	—	—	—	(179 130)	179 130	—
Loans to customers	<u>258 609</u>	<u>118 307</u>	<u>465 144</u>	<u>(101 631)</u>	<u>32 197</u>	<u>18 389</u>	<u>791 015</u>
Total expenses / (expenses reversal) on expected credit losses (according to previous statements)	<u>263 861</u>	<u>118 307</u>	<u>465 144</u>	<u>(101 631)</u>	<u>169 405</u>	<u>(160 875)</u>	<u>754 211</u>
Effect of error correction	—	—	—	—	(179 130)	179 130	—
Total expenses / (expenses reversal) on expected credit losses (recalculated)	<u>263 861</u>	<u>118 307</u>	<u>465 144</u>	<u>(101 631)</u>	<u>(9 859)</u>	<u>18 389</u>	<u>754 211</u>

#### Note 8. Loans to customers

##### Commercial loans

The table below shows an analysis of changes in reserves for commercial loans:

	<i>Stage 1 group-based</i>	<i>Stage 2 group-based</i>	<i>Stage 2 on individual basis</i>	<i>Stage 3 group-based</i>	<i>Stage 3 on individual basis</i>	<i>Purchased or originated credit impaired financial assets</i>	<i>Total</i>
Reserve as at January 1, 2020 (according to previous statements)	389 088	50 542	173 965	6 049 750	47 781 797	1 762 559	56 207 701
Effect of error correction	—	—	—	—	(3 691 668)	571 046	(3 120 622)
Reserve as at January 1, 2020 (recalculated)	<u>389 088</u>	<u>50 542</u>	<u>173 965</u>	<u>6 049 750</u>	<u>44 090 129</u>	<u>2 333 605</u>	<u>53 087 079</u>
Reserve as at June 30, 2020 (unaudited) (according to previous statements)	491 339	111 372	543 512	6 533 336	52 051 811	1 978 146	61 709 516
Effect of error correction	—	—	—	—	(2 432 007)	1 051 500	(1 380 507)
Reserve as at June 30, 2020 (unaudited) (recalculated)	<u>491 339</u>	<u>111 372</u>	<u>543 512</u>	<u>6 533 336</u>	<u>49 619 804</u>	<u>3 029 646</u>	<u>60 329 009</u>
Reserve as at September 30, 2020 (unaudited) (according to previous statements)	408 931	178 629	753 227	2 836 534	39 160 044	2 194 743	45 532 108
Effect of error correction	—	—	—	—	(2 492 595)	1 112 088	(1 380 507)
Reserve as at September 30, 2020 (unaudited) (recalculated)	<u>408 931</u>	<u>178 629</u>	<u>753 227</u>	<u>2 836 534</u>	<u>36 667 449</u>	<u>3 306 831</u>	<u>44 151 601</u>

#### Notes 11. Other assets and liabilities

(UAH thousand, unless otherwise stated)

The table below shows an analysis of changes in reserves of other financial assets (except for transit accounts for payment card transactions):

	<i>Stage 1 group-based</i>	<i>Stage 3 on individual basis</i>	<i>Total</i>
<b>Reserve as at January 1, 2020 (according to previous statements)</b>	<b>85 165</b>	<b>302 952</b>	<b>388 117</b>
Effect of error correction	–	(302 952)	(302 952)
<b>Reserve as at January 1, 2020 (recalculated)</b>	<b>85 165</b>	<b>–</b>	<b>85 165</b>

The error correction did not affect the interim condensed consolidated statement of other comprehensive income and cash flows from operating, investing and financing activities of the Bank for the nine months ended 30 September 2020.

### Operating environment

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

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

In January-September 2021, against the background of the abolition of a significant number of restrictions related to COVID-19, there is a recovery of Ukraine's economy (real GDP growth was 5.7% in the 2nd quarter of 2021 compared to the corresponding period of 2020), which is stimulated by an increase in domestic consumption (increase in retail trade + 12.2% in January-September 2021 compared to January-September 2020) and an increase in industrial production (industrial production index 101.7% in January-August 2021 compared to the same period of 2020).

The deficit of current account of balance of payments amounted to USD 0.8 billion for January-August 2021 (in January - August 2020 the surplus was 4.7 billion US dollars): reduction (compared to the same period in 2020) mainly due to increased payments on investment income (USD 12.1 billion for January-August 2021 (USD 4.6 billion for January-August 2020). The financial account reflects the outflow of capital of USD 1.7 billion for January-August 2021, which is 5 billion better than in January-August 2020 (3.3 billion US dollars): largely due to increased income reinvestment.

Ukraine's international reserves (according to the preliminary data) amounted to USD 28.7 billion in September 2021, covering 4 months of future imports.

Consumer inflation accelerated to 11% in June 2021 (from 5% in December 2020) due to rising prices for natural gas and transport.

In order to gradually return inflation to the target level, the NBU raised the discount rate four times during January-September 2021: to 6.5% in March 2021 (from 6%); to 7.5% in April 2021; to 8.0% in July; to 8.5% in September. These changes were reflected in the interest rate policy of Ukrainian banks: a) UONIA increased from ~ 5% in January-February 2021 to ~ 7.3-7.6% in August-September 2021; b) interest rates on new hryvnia loans increased to 14% in August 2021 (from 12.6% in December 2020); c) interest rates on new hryvnia deposits stopped reduction and stabilized at ~ 4.9% in August 2021 (corporate at 4.6%, households / individuals 6.9%).

Assets of the banking system of Ukraine increased to UAH 1,900 billion in August 2021: +78 billion eq. UAH (compared to December 2020), due to the growth of the loan portfolio in UAH + 107 billion UAH (including +UAH 71 billion in loans to economic entities, +35 UAH billion in loans to individuals). The growth of the hryvnia resource base (+ UAH 86 billion in August 2021 to December 2020) provided an increase in the liabilities of the banking system of Ukraine by eq. UAH 64 billion up to eq. UAH 1,677 billion in August 2021: the main drivers of growth of hryvnia resources were funds of individuals and funds received from the NBU.

(UAH thousand, unless otherwise stated)

The profitability of the banking sector of Ukraine remains at a high level of UAH 46 billion for the period January-August 2021, due to: a) a decrease in the cost of resources, which contributes to the growth of net interest income + UAH 19 billion (or + 34% compared to January-August 2020) to UAH 74 billion in January-August 2021; b) growth of net commission income + UAH 8 billion (+ 29% compared to January-August 2020); c) lower amount of contributions to reserves: UAH 7 billion (in January-August 2021), which is UAH 13 billion less than the same period previous year; d) a moderate increase in total administrative expenses + 12% (or UAH 5 billion compared to January-August 2020) to UAH 49 billion in January - August 2021.

In the third quarter of 2021, JSC “Ukreximbank” continues the process of large-scale transformation of business and operational models (in accordance with the approved development strategy for 2021-2024).

### Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Bank’s annual financial statements for the year ended 31 December 2020, except for the adoption of the new Standards below effective as at 1 January 2021. The nature and the effect of these changes are provided below.

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

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

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

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

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

### 3. Segment information

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

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

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

*(UAH thousand, unless otherwise stated)*

Unallocated amounts include:

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

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

During the nine months ended September 30, 2021, the Bank had income from transactions with single external client, which amounted to more than 10% of the Bank's total income, namely: UAH 2,776,900 thousand (September 30, 2020: UAH 1,997,949 thousand). Income from transactions with this external client are reflected in "Interbank and investment business" segment.

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

(UAH thousand, unless otherwise stated)

The table below provides information on income and expenses, profit and loss, as well as certain assets and liabilities of the Bank's operating segments for the nine months ended September 30, 2021.

<i>30 September 2021 (unaudited)</i>	<i>Corporate banking</i>	<i>Medium-Sized and Small banking</i>	<i>Retail banking</i>	<i>Interbank and investments business</i>	<i>Unallocated</i>	<i>Total</i>
<b>External clients</b>						
Interest income	3 582 000	280 279	34 160	4 850 739	—	8 747 178
Commission income	372 595	160 462	230 815	48 776	—	812 648
Other income	33 985	6 136	11 913	5 850	18 602	76 486
Net gains from modification of financial assets measured at amortized cost	1 220 941	—	—	—	—	1 220 941
Reversal of expenses for expected credit losses	—	—	17 151	12 205	1 725	31 081
Reversal of expenses for expected credit losses on credit-related commitments	—	—	—	8 433	—	8 433
Net gains on investment securities at fair value through other comprehensive income reclassified from other comprehensive income at redemption	—	—	—	18 168	1 223	19 391
Net gains from foreign currencies	332 672	83 168	12 936	421 360	1 101 518	1 951 654
Net gains from precious metals	—	—	964	—	373	1 337
Net gains from derivatives	—	—	—	583 683	—	583 683
Income from other segments	(2 645 838)	(199 132)	(24 403)	(4 560 443)	7 429 816	—
<b>Total income</b>	<b>2 896 355</b>	<b>330 913</b>	<b>283 536</b>	<b>1 388 771</b>	<b>8 553 257</b>	<b>13 452 832</b>
Interest expense	(1 795 654)	(577 702)	(636 156)	(2 568 271)	(708)	(5 578 491)
Commission expense	(59 327)	(30 861)	(117 941)	(85 397)	(6 820)	(300 346)
Net loss from modification of financial assets measured at amortized cost	(9 915)	(71)	—	(1)	—	(9 987)
Net loss from derecognition of financial assets measured at amortized cost	—	—	(523)	—	—	(523)
Expenses for expected credit losses	(1 412 190)	(59 910)	—	—	—	(1 472 100)
Expenses for expected credit losses on credit-related commitments	(140 965)	(3 424)	(48)	—	(571)	(145 008)
Net losses on investment securities at fair value through profit or loss	—	—	—	—	(2 301 063)	(2 301 063)
Net losses from precious metals	—	—	—	(2 135)	—	(2 135)
Personnel expenses	(337 655)	(304 715)	(267 975)	(92 256)	(303 798)	(1 306 399)
Depreciation and amortisation	(19 663)	(23 436)	(24 689)	(3 178)	(15 607)	(86 573)
Other operating expenses	(83 214)	(77 794)	(261 395)	(21 692)	(77 118)	(521 213)
Expenses from other segments	2 602 251	1 020 327	1 147 654	2 887 691	(7 657 923)	—
<b>Segment results</b>	<b>1 640 023</b>	<b>273 327</b>	<b>122 463</b>	<b>1 503 532</b>	<b>(1 810 351)</b>	<b>1 728 994</b>
<b>Profit for the period</b>						<b>1 728 994</b>
<b>Assets and liabilities as at September 30, 2021 (unaudited)</b>						
Segment assets	61 796 848	6 451 765	1 653 790	126 648 252		196 550 655
Unallocated assets					793 078	793 078
<b>Total assets</b>						<b>197 343 733</b>
Segment liabilities	77 559 973	22 882 412	27 121 239	57 776 368		185 339 992
Unallocated liabilities					317 407	317 407
<b>Total liabilities</b>						<b>185 657 399</b>
<b>Other segment information</b>						
Capital expenditure	(8 472)	(9 942)	(11 095)	(1 344)	(6 671)	(37 524)

(UAH thousand, unless otherwise stated)

The following table shows income and expenses as well as profit and loss for the nine months ended 30 September 2020, and specific assets and liabilities of the Bank's operating segments as at 31 December 2020:

<i>September 30, 2020 (unaudited)</i>	<i>Corporate banking</i>	<i>Medium-Sized and Small banking</i>	<i>Retail banking</i>	<i>Interbank and investments business</i>	<i>Unallocated</i>	<i>Total</i>
<b>External clients</b>						
Interest income	4 146 340	250 906	35 499	2 849 600	—	7 282 345
Commission income	266 300	142 583	201 972	31 640	—	642 495
Other income	60 088	13 218	13 448	191 117	15 841	293 712
Reversal of expenses for expected credit losses	—	74 810	—	54 694	—	129 504
Net income from investment securities at fair value through profit or loss	—	—	—	—	3 823 434	3 823 434
Net gains from foreign currencies	118 853	50 269	55 696	177 331	—	402 149
Net gains from precious metals	1	4	216	—	5 372	5 593
Income from other segments	2 005 926	673 096	1 605 056	3 700 433	(7 984 511)	—
<b>Total income</b>	<b>6 597 508</b>	<b>1 204 886</b>	<b>1 911 887</b>	<b>7 004 815</b>	<b>(4 139 864)</b>	<b>12 579 232</b>
Interest expense	(1 456 442)	(440 450)	(1 078 359)	(3 551 298)	(157)	(6 526 706)
Commission expense	(68 048)	(32 721)	(124 204)	(15 909)	(599)	(241 481)
Net losses on modification of financial assets measured at amortized cost	(248 892)	(2 079)	(2 538)	—	—	(253 509)
Net losses from derecognition of financial assets measured at amortized cost	(368 031)	—	—	—	—	(368 031)
Expenses for expected credit losses	(868 620)	—	(15 037)	—	(58)	(883 715)
Expenses for expected credit losses on credit-related commitments	(5 244)	(8 763)	(1 779)	(9 720)	—	(25 506)
Net losses on investment securities at fair value through other comprehensive income reclassified from other comprehensive income at redemption	—	—	—	—	(33 059)	(33 059)
Net losses from foreign currencies	—	—	—	—	(4 678 965)	(4 678 965)
Net losses from precious metals	—	—	—	(990)	—	(990)
Personnel expenses	(350 930)	(240 312)	(233 974)	(64 764)	(202 565)	(1 092 545)
Depreciation and amortisation	(26 107)	(23 000)	(26 216)	(2 930)	(7 258)	(85 511)
Other operating expenses	(122 267)	(86 285)	(273 166)	(18 268)	(123 988)	(623 974)
Expenses from other segments	(4 347 402)	(205 881)	(41 307)	(3 203 162)	7 797 752	—
<b>Segment results</b>	<b>(1 264 475)</b>	<b>165 395</b>	<b>115 307</b>	<b>137 774</b>	<b>(1 388 761)</b>	<b>(2 234 760)</b>
<b>Loss for the period</b>						<b>(2 234 760)</b>
<b>Assets and liabilities as at 31 December 2020</b>						
Segment assets	48 239 946	2 851 180	2 487 267	137 409 992		190 988 385
Unallocated assets					1 886 890	1 886 890
<b>Total assets</b>						<b>192 875 275</b>
Segment liabilities	66 996 102	14 286 357	29 330 010	70 398 190		181 010 659
Unallocated liabilities					1 515 720	1 515 720
<b>Total liabilities</b>						<b>182 526 379</b>
<b>Other segment information</b>						
Capital expenditure	(13 895)	(12 744)	(20 217)	(1 695)	(4 670)	(53 221)

(UAH thousand, unless otherwise stated)

## Geographical information

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

## 4. Cash and cash equivalents

Cash and cash equivalents comprise:

	<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
Current accounts with other credit institutions	18 786 240	21 388 135
Deposit certificates of the National Bank of Ukraine up to 90 days	16 527 829	12 003 359
Term deposits with other credit institutions up to 90 days	5 581 085	5 937 862
Current account with the National Bank of Ukraine	4 950 522	2 484 114
Cash on hand	1 601 066	1 643 540
Overnight deposits with other credit institutions	1 319 926	6 482 160
	<b>48 766 668</b>	<b>49 939 170</b>
Less: reserve for expected credit losses	(11 880)	(26 227)
	<b>48 754 788</b>	<b>49 912 943</b>

## 5. Changes in liabilities in financial activities

Changes in liabilities in financial activities were as follows:

	<i>Borrowings from credit institutions</i>	<i>Eurobonds issued</i>	<i>Subordinated debt</i>	<i>Lease liabilities</i>	<i>Total</i>
<b>Carrying amount at 31 December 2020</b>	<b>24 571 842</b>	<b>18 537 152</b>	<b>4 341 176</b>	<b>7 291</b>	<b>47 457 461</b>
Proceeds	1 393 500	—	—	—	1 393 500
Repayments	(1 859 081)	(11 090 589)	(570 811)	(2 873)	(13 523 354)
Translation differences	(1 876 177)	(465 298)	(243 935)	—	(2 585 410)
Other	1 208 304	(538 005)	42 333	744	713 376
<b>Carrying amount at September 30, 2021 (unaudited)</b>	<b>23 438 388</b>	<b>6 443 260</b>	<b>3 568 763</b>	<b>5 162</b>	<b>33 455 573</b>
	<i>Borrowings from credit institutions</i>	<i>Eurobonds issued</i>	<i>Subordinated debt</i>	<i>Lease liabilities</i>	<i>Total</i>
<b>Carrying amount at 31 December 2019</b>	<b>21 031 227</b>	<b>26 553 076</b>	<b>5 429 914</b>	<b>6 006</b>	<b>53 020 223</b>
Proceeds	5 803 116	—	—	—	5 803 116
Repayments	(5 314 389)	(1 688 370)	(1 838 315)	(4 144)	(8 845 218)
Translation differences	4 352 793	4 198 719	822 285	—	9 373 797
Other	127 781	(354 916)	(22 043)	6 529	(242 649)
<b>Carrying amount at September 30, 2020 (unaudited)</b>	<b>26 000 528</b>	<b>28 708 509</b>	<b>4 391 841</b>	<b>8 391</b>	<b>59 109 269</b>

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

(UAH thousand, unless otherwise stated)

## 6. Expenses for expected credit losses

The following tables present the expenses for expected credit losses recognised in profit and loss.

	<i>Stage 1</i> <i>group-based</i>	<i>Stage 2</i> <i>group-based</i>	<i>Stage 2</i> <i>on individual</i> <i>basis</i>	<i>Stage 3</i> <i>group-based</i>	<i>Stage 3</i> <i>on individual</i> <i>basis</i>	<i>Purchased or</i> <i>originated</i> <i>credit</i> <i>impaired</i> <i>financial assets</i>	<i>Total</i>
<b>For the three months ended</b>							
<b>September 30, 2021 (unaudited)</b>							
Cash and cash equivalents	(5 201)	—	—	—	—	—	(5 201)
Amounts due from credit institutions	8 057	—	—	—	(465)	—	7 592
Loans to customers	705 228	25 906	(189 419)	(100 008)	19 532	(117 431)	343 808
Investment securities at fair value through other comprehensive income	1 834	—	—	—	—	—	1 834
Investment securities at amortized cost	7 988	—	—	—	—	—	7 988
Other financial assets	(5 626)	—	—	—	—	—	(5 626)
<b>Total costs for expected credit losses</b>	<b>712 280</b>	<b>25 906</b>	<b>(189 419)</b>	<b>(100 008)</b>	<b>19 067</b>	<b>(117 431)</b>	<b>350 395</b>
<b>For the nine months ended</b>							
<b>30 September 2021 (unaudited)</b>							
Cash and cash equivalents	(12 984)	—	—	—	—	—	(12 984)
Amounts due from credit institutions	10 230	—	—	—	9 750	—	19 980
Loans to customers	1 241 056	95 015	(143 699)	(154 138)	174 460	241 595	1 454 289
Investment securities at fair value through other comprehensive income	(4 251)	—	(3 205)	—	—	—	(7 456)
Investment securities at amortized cost	(11 745)	—	—	—	—	—	(11 745)
Other financial assets	(1 065)	—	—	—	—	—	(1 065)
<b>Total costs for expected credit losses</b>	<b>1 221 241</b>	<b>95 015</b>	<b>(146 904)</b>	<b>(154 138)</b>	<b>184 210</b>	<b>241 595</b>	<b>1 441 019</b>

	<i>Stage 1</i> <i>group-based</i>	<i>Stage 2</i> <i>group-based</i>	<i>Stage 2</i> <i>on individual</i> <i>basis</i>	<i>Stage 3</i> <i>group-based</i>	<i>Stage 3</i> <i>on individual</i> <i>basis</i>	<i>POCI</i>	<i>Total</i>
<b>For the three months ended</b>							
<b>September 30, 2020 (unaudited)</b>							
Cash and cash equivalents	(775)	—	—	—	—	—	(775)
Amounts due from credit institutions	(335)	—	—	—	(14 434)	—	(14 769)
Loans to customers	(110 162)	64 151	219 677	(367 519)	(358 817)	(9 021)	(561 691)
Investment securities at fair value through other comprehensive income	(7 232)	—	—	—	—	—	(7 232)
Investment securities at amortized cost	(2 119)	—	—	—	—	—	(2 119)
Other financial assets	(180)	—	—	—	—	—	(180)
	<b>(120 803)</b>	<b>64 151</b>	<b>219 677</b>	<b>(367 519)</b>	<b>(373 251)</b>	<b>(9 021)</b>	<b>(586 766)</b>
<b>For the nine months ended</b>							
<b>September 30, 2020 (unaudited)</b>							
Cash and cash equivalents	(5 901)	—	—	—	—	—	(5 901)
Amounts due from credit institutions	10 075	—	—	—	(42 056)	—	(31 981)
Loans to customers	258 609	118 307	465 144	(101 631)	32 197	18 389	791 015
Investment securities at fair value through other comprehensive income	(13 114)	—	—	—	—	—	(13 114)
Investment securities at amortized cost	7 859	—	—	—	—	—	7 859
Other financial assets	6 333	—	—	—	—	—	6 333
	<b>263 861</b>	<b>118 307</b>	<b>465 144</b>	<b>(101 631)</b>	<b>(9 859)</b>	<b>18 389</b>	<b>754 211</b>

Expenses on expected credit losses on purchased or originated credit impaired financial assets (hereinafter – POCI) recognized in profit or loss for the period ended September 30, 2021, include the amount of adjustment of the gross book value of POCI in the amount of UAH 201,647 thousand (for the period ended September 30, 2020: UAH 140,746 thousand).

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

(UAH thousand, unless otherwise stated)

	<i>Stage 1 group-based</i>	<i>Stage 2 group-based</i>	<i>Stage 3 group-based</i>	<i>Total</i>
<b>For the three months ended September 30, 2021 (unaudited)</b>				
Financial guarantees	(127)	—	—	(127)
Credit-related commitments	(203 188)	(46)	1 243	(201 991)
Letters of credit	28 732	—	—	28 732
Avals on promissory notes	—	—	(2)	(2)
	<b>(174 583)</b>	<b>(46)</b>	<b>1 241</b>	<b>(173 388)</b>
<b>For the nine months ended 30 September 2021 (unaudited)</b>				
Financial guarantees	363	—	—	363
Credit-related commitments	116 980	(3 749)	(24 572)	88 659
Letters of credit	47 531	—	—	47 531
Avals on promissory notes	44	—	(22)	22
	<b>164 918</b>	<b>(3 749)</b>	<b>(24 594)</b>	<b>136 575</b>
	<i>Stage 1 group-based</i>	<i>Stage 2 group-based</i>	<i>Stage 3 group-based</i>	<i>Total</i>
<b>For the three months ended September 30, 2020 (unaudited)</b>				
Financial guarantees	(1)	—	728	727
Credit-related commitments	4 878	(2 131)	36	2 783
Letters of credit	(134)	—	—	(134)
Avals on promissory notes	(6)	1	—	(5)
	<b>4 737</b>	<b>(2 130)</b>	<b>764</b>	<b>3 371</b>
<b>For the nine months ended September 30, 2020 (unaudited)</b>				
Financial guarantees	(134)	9	1 120	995
Credit-related commitments	26 723	(2 704)	(28)	23 991
Letters of credit	512	—	—	512
Avals on promissory notes	5	3	—	8
	<b>27 106</b>	<b>(2 692)</b>	<b>1 092</b>	<b>25 506</b>

(UAH thousand, unless otherwise stated)

## 7. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
<b>Loans and deposits</b>		
Ukrainian banks	8 190 509	781 906
OECD banks	160 278	207 279
CIS and other banks	141 156	54 217
	<b>8 491 943</b>	<b>1 043 402</b>
<b>Amounts due from other credit institutions</b>		
Current accounts with other credit institutions in precious metals	54 309	38 551
Other amounts due from credit institutions	167 958	74 466
	<b>8 714 210</b>	<b>1 156 419</b>
Less: reserve for impairment	(352 167)	(786 259)
<b>Amounts due from credit institutions</b>	<b>8 362 043</b>	<b>370 160</b>

As at 30 September 2021, debts of credit institutions on loans and deposits include guarantee deposits in the amount of UAH 8,046,705 thousand, placed as collateral for refinancing loans of the National Bank of Ukraine, letters of credit and customer guarantees (December 31, 2020: UAH 261,516 thousand placed mainly as collateral for letters of credit and guarantees) (Note 12).

As at 30 September 2021, amounts due from credit institutions are designated at amortised cost, except for current accounts in precious metals in the amount of UAH 54,293 thousand (December 31, 2020: UAH 38,539 thousand), at fair value through profit or loss.

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

	<i>Stage 1 group-based</i>	<i>Stage 3 group-based</i>	<i>Stage 3 on individual basis</i>	<i>Total</i>
<b>Reserve as at 1 January 2021</b>	<b>3 194</b>	<b>74 466</b>	<b>708 599</b>	<b>786 259</b>
New assets originated or purchased	29 842	—	—	29 842
Assets derecognized/(repaid)	(26 802)	—	—	(26 802)
Changes in reserves	(867)	—	10 215	9 348
Translation differences	(569)	(21)	(1 843)	(2 433)
<b>Reserve as at 30 June 2021 (unaudited)</b>	<b>4 798</b>	<b>74 445</b>	<b>716 971</b>	<b>796 214</b>
New assets originated or purchased	15 303	—	—	15 303
Assets derecognized/(repaid)	(6 648)	—	—	(6 648)
Written-off assets	—	—	(450 925)	(450 925)
Changes in reserves	(598)	—	(465)	(1 063)
Translation differences	(215)	(12)	(487)	(714)
<b>Reserve as at 30 September 2021 (unaudited)</b>	<b>12 640</b>	<b>74 433</b>	<b>265 094</b>	<b>352 167</b>

(UAH thousand, unless otherwise stated)

	<i>Stage 1</i> <i>group-based</i>	<i>Stage 3</i> <i>group-based</i>	<i>Stage 3</i> <i>on individual</i> <i>basis</i>	<i>Total</i>
<b>Reserve as at 1 January 2020</b>	<b>4 543</b>	<b>74 390</b>	<b>743 757</b>	<b>822 690</b>
New assets originated or purchased	13 947	—	—	13 947
Assets derecognized/(repaid)	(2 231)	—	—	(2 231)
Changes in reserves	(1 306)	—	(27 622)	(28 928)
Translation differences	1 080	36	5 043	6 159
<b>Reserve as at 30 June 2020 (unaudited)</b>	<b>16 033</b>	<b>74 426</b>	<b>721 178</b>	<b>811 637</b>
New assets originated or purchased	161	—	—	161
Assets derecognized/(repaid)	(159)	—	—	(159)
Changes in reserves	(337)	—	(14 434)	(14 771)
Translation differences	240	28	2 696	2 964
<b>Reserve as at 30 September 2020 (unaudited)</b>	<b>15 938</b>	<b>74 454</b>	<b>709 440</b>	<b>799 2</b>

## 8. Loans to customers

Loans to customers comprise:

	<i>30 September</i> <i>2021</i> <i>(unaudited)</i>	<i>31 December</i> <i>2020</i>
Commercial loans	93 850 157	93 140 279
Finance lease receivables	1 746 890	2 021 575
Overdrafts	576 310	817 906
Promissory notes	76 994	13 900
	<b>96 250 351</b>	<b>95 993 660</b>
Less: reserve for impairment	(31 726 655)	(47 385 340)
<b>Loans to customers</b>	<b>64 523 696</b>	<b>48 608 320</b>

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

	<i>30 September</i> <i>2021</i> <i>(unaudited)</i>	<i>31 December</i> <i>2020</i>
Legal entities	66 171 109	76 673 788
State-owned entities	27 658 986	16 755 513
Individuals	1 475 082	2 164 120
Municipal and utility entities	945 174	400 239
	<b>96 250 351</b>	<b>95 993 660</b>

(UAH thousand, unless otherwise stated)

## Commercial loans

The tables below present an analysis of changes in reserves under commercial loans:

	Stage 1 group-based	Stage 2 group-based	Stage 2 on individual basis	Stage 3 group-based	Stage 3 on individual basis	Purchased or originated credit impaired financial assets	Total
<b>Reserve as at 1 January 2021</b>	<b>401 617</b>	<b>259 656</b>	<b>1 162 764</b>	<b>2 900 370</b>	<b>39 010 766</b>	<b>3 555 997</b>	<b>47 291 170</b>
New assets originated or purchased	765 528	—	—	—	—	—	765 528
Assets derecognized/(repaid)	(16 323)	(53 236)	(7 316)	(22 511)	(227)	—	(99 613)
Transfer to Stage 1	385 540	(251 594)	(133 946)	—	—	—	—
Transfer to Stage 2	(68 899)	107 371	(37 814)	(658)	—	—	—
Transfer to Stage 3	(15 582)	(5 245)	—	20 601	226	—	—
Transfer to POCI	—	—	—	—	(2 175 452)	—	(2 175 452)
Result from derecognition	—	—	—	—	(650 669)	—	(650 669)
Interest income adjustment	—	—	—	37 478	550 136	206 854	794 468
Written-off assets	—	—	—	(585 234)	(10 809 176)	—	(11 394 410)
Previously written-off assets returned	—	—	—	3 703	51 449	—	55 152
Changes in reserves	(182 476)	187 050	(322 340)	(31 554)	155 021	478 073	283 774
Changes in the input data of macromodels	(61 008)	(62 914)	—	—	—	—	(123 922)
Translation differences	(43 561)	(12 577)	(43 087)	(77 015)	(1 416 563)	(3 987)	(1 596 790)
<b>Reserve as at 30 June 2021 (unaudited)</b>	<b>1 164 836</b>	<b>168 511</b>	<b>618 261</b>	<b>2 245 180</b>	<b>24 715 511</b>	<b>4 236 937</b>	<b>33 149 236</b>
New assets originated or purchased	502 543	—	—	—	—	—	502 543
Assets derecognized/(repaid)	(20 396)	(9 159)	—	(16 863)	—	—	(46 418)
Transfer to Stage 1	10 738	(4 342)	(6 396)	—	—	—	—
Transfer to Stage 2	(11 979)	16 470	—	(4 491)	—	—	—
Transfer to Stage 3	(15 642)	(882)	—	16 524	—	—	—
Transfer to POCI	—	—	—	(9 633)	(181 176)	—	(190 809)
Result from derecognition	—	—	—	(375)	(5 010)	—	(5 385)
Interest income adjustment	—	—	—	970	11 773	34 292	47 035
Written off assets	—	—	—	(230 016)	(1 527 879)	—	(1 757 895)
Previously written off assets returned	—	—	—	15 746	179 938	—	195 684
Changes in reserves	215 294	35 145	666	(73 727)	19 497	(34 831)	162 044
Translation differences	(37 451)	(5 701)	(16 383)	(31 567)	(539 844)	(4 308)	(635 254)
<b>Reserve as at 30 September 2021 (unaudited)</b>	<b>1 807 943</b>	<b>200 042</b>	<b>596 148</b>	<b>1 911 748</b>	<b>22 672 810</b>	<b>4 232 090</b>	<b>31 420 781</b>

	Stage 1 group-based	Stage 2 group-based	Stage 2 on individual basis	Stage 3 group-based	Stage 3 on individual basis	Purchased or originated credit impaired financial assets	Total
<b>Reserve as at 1 January 2020 (recalculated)</b>	<b>389 088</b>	<b>50 542</b>	<b>173 965</b>	<b>6 049 750</b>	<b>44 090 129</b>	<b>2 333 605</b>	<b>53 087 079</b>
New assets originated or purchased	44 977	—	—	—	—	—	44 977
Assets derecognized/(repaid)	(29 928)	(1 293)	—	(1 533)	—	—	(32 754)
Transfer to Stage 1	6 026	(6 026)	—	—	—	—	—
Transfer to Stage 2	(279 864)	23 445	259 983	(3 564)	—	—	—
Transfer to Stage 3	(999)	(15 856)	(144 170)	(261 632)	422 657	—	—
Transfer to POCI	—	—	—	—	(377 193)	—	(377 193)
Result from derecognition	—	—	—	—	(147 602)	—	(147 602)
Interest income adjustment	—	—	—	108 590	560 019	548 871	1 217 480
Previously written off assets returned	—	—	—	2 641	20 552	—	23 193
Changes in reserves	70 404	22 858	245 500	267 429	391 014	143 849	1 141 054
Changes in the input data of macromodels	255 274	33 082	—	—	—	—	288 356
Translation differences	36 361	4 620	8 234	371 655	4 660 228	3 321	5 084 419
<b>Reserve as at 30 June 2020 (unaudited) (recalculated)</b>	<b>491 339</b>	<b>111 372</b>	<b>543 512</b>	<b>6 533 336</b>	<b>49 619 804</b>	<b>3 029 646</b>	<b>60 329 009</b>
New assets originated or purchased	44 911	—	—	—	—	—	44 911
Assets derecognized/(repaid)	(20 765)	(1 232)	(295)	(465 031)	(308 511)	—	(795 834)
Transfer to Stage 1	4 599	(4 599)	—	—	—	—	—
Transfer to Stage 2	(36 311)	24 976	14 041	(2 706)	—	—	—
Transfer to Stage 3	(364)	(23 277)	(73 509)	26 757	70 393	—	—
Transfer to POCI	—	—	—	—	(2 677 747)	—	(2 677 747)
Result from derecognition	—	—	—	—	(197)	—	(197)
Interest income adjustment	—	—	—	47 272	371 006	259 978	678 256
Written off assets	—	—	—	(3 621 870)	(13 238 266)	—	(16 860 136)

(UAH thousand, unless otherwise stated)

	<i>Stage 1</i> <i>group-based</i>	<i>Stage 2</i> <i>group-based</i>	<i>Stage 2</i> <i>on individual</i> <i>basis</i>	<i>Stage 3</i> <i>group-based</i>	<i>Stage 3</i> <i>on individual</i> <i>basis</i>	<i>Purchased or</i> <i>originated</i> <i>credit</i> <i>impaired</i> <i>financial</i> <i>assets</i>	<i>Total</i>
Previously written off assets returned	—	—	—	133	1 089	—	1 222
Changes in reserves	(88 052)	54 355	219 999	97 900	(50 306)	15 286	249 182
Changes in macromodels	(11 185)	10 435	—	—	—	—	(750)
Translation differences	24 759	6 599	49 479	220 743	2 880 184	1 921	3 183 685
<b>Reserve as at 30 September 2020</b> <b>(unaudited)</b> <b>(recalculated)</b>	<b>408 931</b>	<b>178 629</b>	<b>753 227</b>	<b>2 836 534</b>	<b>36 667 449</b>	<b>3 306 831</b>	<b>44 151 601</b>

## Overdrafts

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

	<i>Stage 1</i> <i>group-based</i>	<i>Stage 2</i> <i>group-based</i>	<i>Stage 3</i> <i>group-based</i>	<i>Total</i>
<b>Reserve as at 1 January 2021</b>	<b>26 759</b>	<b>1 788</b>	<b>565</b>	<b>29 112</b>
New assets originated or purchased	3 840	—	—	3 840
Assets derecognized/(repaid)	(6 022)	(1 674)	(605)	(8 301)
Transfer to Stage 2	(134)	134	—	—
Changes in reserves	(1 782)	(117)	40	(1 859)
Translation differences	(189)	—	—	(189)
<b>Reserve as at 30 June 2021</b> <b>(unaudited)</b>	<b>22 472</b>	<b>131</b>	<b>—</b>	<b>22 603</b>
New assets originated or purchased	2 067	—	—	2 067
Assets derecognized/(repaid)	(3 513)	(42)	—	(3 555)
Transfer to Stage 2	(90)	90	—	—
Changes in reserves	(110)	(38)	—	(148)
Translation differences	(107)	—	—	(107)
<b>Reserve as at 30 September 2021 (unaudited)</b>	<b>20 719</b>	<b>141</b>	<b>—</b>	<b>20 860</b>

	<i>Stage 1</i> <i>group-based</i>	<i>Stage 2</i> <i>group-based</i>	<i>Stage 3</i> <i>group-based</i>	<i>Total</i>
<b>Reserve as at 1 January 2020</b>	<b>15 896</b>	<b>173</b>	<b>372</b>	<b>16 441</b>
New assets originated or purchased	2 993	—	—	2 993
Assets derecognized/(repaid)	(6 568)	(152)	(2)	(6 722)
Transfer to Stage 1	134	(134)	—	—
Transfer to Stage 2	(637)	637	—	—
Transfer to Stage 3	—	(8)	8	—
Changes in reserves	8 723	(339)	(6)	8 378
Translation differences	92	—	—	92
<b>Reserve as at 30 June 2020</b> <b>(unaudited)</b>	<b>20 633</b>	<b>177</b>	<b>372</b>	<b>21 182</b>
New assets originated or purchased	2 220	—	—	2 220
Assets derecognized/(repaid)	(4 734)	(165)	(372)	(5 271)
Transfer to Stage 1	112	(112)	—	—
Transfer to Stage 2	(423)	423	—	—
Transfer to Stage 3	—	(1 017)	1 017	—
Changes in reserves	(310)	758	(16)	432
Translation differences	47	—	—	47
<b>Reserve as at 30 September 2020 (unaudited)</b>	<b>17 545</b>	<b>64</b>	<b>1 001</b>	<b>18 610</b>

(UAH thousand, unless otherwise stated)

### Finance lease receivables

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

	<i>Stage 1 group-based</i>	<i>Stage 2 on individual basis</i>	<i>Stage 3 on individual basis</i>	<i>Total</i>
<b>Reserve as at 1 January 2021</b>	<b>60 240</b>	–	<b>4 700</b>	<b>64 940</b>
New assets originated or purchased	148	–	–	148
Assets derecognized/(repaid)	(6 224)	–	(24)	(6 248)
Transfer to Stage 2	(64 046)	64 046	–	–
Changes in reserves	10 020	375 376	158	385 554
<b>Reserve as at 30 June 2021 (unaudited)</b>	<b>138</b>	<b>439 422</b>	<b>4 834</b>	<b>444 394</b>
New assets originated or purchased	59	–	–	59
Changes in reserves	(1)	(190 085)	35	(190 051)
<b>Reserve as at 30 September 2021 (unaudited)</b>	<b>196</b>	<b>249 337</b>	<b>4 869</b>	<b>254 402</b>

	<i>Stage 1 group-based</i>	<i>Stage 2 on individual basis</i>	<i>Stage 3 on individual basis</i>	<i>Total</i>
<b>Reserve as at 1 January 2020</b>	<b>32 497</b>	<b>125</b>	<b>4 645</b>	<b>37 267</b>
Assets derecognized/(repaid)	(1 730)	–	–	(1 730)
Changes in reserves	24 298	(33)	–	24 265
<b>Reserve as at 30 June 2020 (unaudited)</b>	<b>55 065</b>	<b>92</b>	<b>4 645</b>	<b>59 802</b>
Assets derecognized/(repaid)	(2 412)	–	–	(2 412)
Changes in reserves	(29 270)	(27)	–	(29 297)
<b>Reserve as at 30 September 2020 (unaudited)</b>	<b>23 383</b>	<b>65</b>	<b>4 645</b>	<b>28 093</b>

### Promissory notes

The following tables show the analysis of changes in the reserves for promissory notes:

	<i>Stage 1 group-based</i>	<i>Stage 3 group-based</i>	<i>Total</i>
<b>Reserve as at 1 January 2021</b>	<b>118</b>	–	<b>118</b>
New assets originated or purchased	30 509	–	30 509
Assets derecognized/(repaid)	(373)	–	(373)
Transfer to Stage 3	(28 958)	28 958	–
Changes in reserves	(9)	500	491
<b>Reserve as at 30 June 2021 (unaudited)</b>	<b>1 287</b>	<b>29 458</b>	<b>30 745</b>
New assets originated or purchased	9 568	–	9 568
Assets derecognized/(repaid)	(271)	(10 523)	(10 794)
Transfer to Stage 3	(9 387)	9 387	–
Changes in reserves	(12)	1 105	1 093
<b>Reserve as at 30 September 2021 (unaudited)</b>	<b>1 185</b>	<b>29 427</b>	<b>30 612</b>

*Stage 1  
group-based*

(UAH thousand, unless otherwise stated)

	<i><b>Stage 1 group-based</b></i>
<b>Reserve as at 1 January 2020</b>	<b>438</b>
New assets originated or purchased	435
Assets derecognized/(repaid)	(489)
Changes in reserves	382
<b>Reserve as at 30 June 2020 (unaudited)</b>	<b>766</b>
New assets originated or purchased	55
Assets derecognized/(repaid)	(664)
Changes in reserves	44
<b>Reserve as at 30 September 2020 (unaudited)</b>	<b>201</b>

#### 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 financial instrument, with the difference recognised as a derecognition gain or loss, before the impairment loss is recognized. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCL.

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

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

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

	<i><b>For the period ended 30 September 2021</b></i>	<i><b>2020</b></i>
	<i><b>(unaudited)</b></i>	
<b>Loans to customers modified during the period</b>		
Amortised cost before modification	6 537 078	14 787 048
Net modification loss	(249)	(250 850)

As at 30 September 2021, the gross carrying amount of assets whose terms were revised from the date of initial recognition and at the time of revision these assets related to Stage 2 and Stage 3, and which were transferred to Stage 1 during the reporting period, is UAH 2,476,889 thousand.

#### Impact of the pandemic

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

(UAH thousand, unless otherwise stated)

In the context of the COVID-19 pandemic, the Bank continues to individually consider debtors' requests for debt restructuring related to COVID-19 and, if necessary and in the event of a positive decision, to amend the terms of the loan. During the 3rd quarter of 2021, the Bank took into account all available information on actual and expected changes in the financial condition of debtors and the economic situation in general due to the ongoing pandemic, but the impact of COVID-19 on revising cash flow expectations and, accordingly, expected credit loss costs was insignificant.

## 9. Investment securities

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

As at September 30, 2021, investment securities at FVPL with the carrying value of UAH 23,319,493 thousand (31 December 2020: UAH 29,008,521 thousand) are represented by Ukrainian state bonds. The conditions of issue of those securities provide for indexation of the nominal value by maturity according to the changes in the average interbank exchange rate of Hryvnia to US Dollar per month prior to the date of issue and per month prior to the maturity date. Coupon yield is not subject to indexation.

As at September 30, 2021, the government bonds with a book value of UAH 11,264,280 thousand are pledged as collateral for loans received from the NBU (December 31, 2020: UAH 15,902,090 thousand) (Note 12).

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

	<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
Ukrainian state bonds	12 775 475	13 877 469
Corporate bonds	341 214	341 329
Corporate shares	22 670	22 603
Municipal bonds	—	302 122
<b>Investment securities at fair value through other comprehensive income</b>	<b>13 139 359</b>	<b>14 543 523</b>

As of September 30, 2021, government bonds with a book value of UAH 7,064,675 thousand are pledged as collateral for loans received from the NBU (December 31, 2020: UAH 8,094,665 thousand) (Note 12).

As of September 30, 2021, government bonds with a book value of UAH 85,801 thousand are pledged as collateral for loans received from credit institutions (31 December 2020: UAH 94,566 thousand) (Note 13).

As of September 30, 2021, government bonds with a book value of UAH 1,671,233 thousand are used to form a guarantee fund for interest rate swap operations (31 December 2020: UAH 334,849 thousand) (Note 12).

(UAH thousand, unless otherwise stated)

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

	<i>Stage 1</i> <i>group-based</i>	<i>Stage 2</i> <i>on individual basis</i>	<i>Stage 3</i> <i>on individual basis</i>	<i>Total</i>
<b>Reserve as at 1 January 2021</b>	<b>37 972</b>	<b>22 175</b>	<b>4 218 021</b>	<b>4 278 168</b>
New assets originated or purchased	8 497	—	—	8 497
Assets repaid	(12 171)	—	—	(12 171)
Transfer to Stage 1	18 970	(18 970)	—	—
Realise assets	(2 371)	—	—	(2 371)
Changes in reserves	(2 411)	(3 205)	—	(5 616)
Translation differences	(251)	—	—	(251)
<b>Reserve as at 30 June 2021 (unaudited)</b>	<b>48 235</b>	<b>—</b>	<b>4 218 021</b>	<b>4 266 256</b>
New assets originated or purchased	3 260	—	—	3 260
Assets repaid	(672)	—	—	(672)
Written-off assets	—	—	(948 987)	(948 987)
Realise assets	(3 894)	—	—	(3 894)
Changes in reserves	(754)	—	—	(754)
Translation differences	(106)	—	—	(106)
<b>Reserve as at 30 September 2021 (unaudited)</b>	<b>46 069</b>	<b>—</b>	<b>3 269 034</b>	<b>3 315 103</b>

	<i>Stage 1</i> <i>group-based</i>	<i>Stage 3</i> <i>on individual basis</i>	<i>Total</i>
<b>Reserve as at 1 January 2020</b>	<b>22 811</b>	<b>4 218 021</b>	<b>4 240 832</b>
New assets originated or purchased	86	—	86
Assets repaid	(7 495)	—	(7 495)
Changes in reserves	1 527	—	1 527
Translation differences	1 035	—	1 035
<b>Reserve as at 30 June 2020 (unaudited)</b>	<b>17 964</b>	<b>4 218 021</b>	<b>4 235 985</b>
New assets originated or purchased	623	—	623
Assets repaid	(3 152)	—	(3 152)
Changes in reserves	(4 703)	—	(4 703)
Translation differences	229	—	229
<b>Reserve as at 30 September 2020 (unaudited)</b>	<b>10 961</b>	<b>4 218 021</b>	<b>4 228 982</b>

(UAH thousand, unless otherwise stated)

**Investment securities at amortized cost**

	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020</b>
Ukrainian state bonds	19 881 968	25 803 072
Corporate bonds	13 541 115	19 427 009
	<b>33 423 083</b>	<b>45 230 081</b>
Less: reserve for expected credit losses	(42 742)	(55 471)
<b>Investment securities at amortized cost</b>	<b>33 380 341</b>	<b>45 174 610</b>

As of September 30, 2021, government bonds with a book value of UAH 6,831,984 thousand are pledged as collateral for loans received from the NBU (December 31, 2020: UAH 4,083,722 thousand) (Note 12).

As of September 30, 2021, government bonds with a book value of UAH 8,446,345 thousand are pledged as collateral for loans received from the NBU (31 December 2020: UAH 83,551 thousand) (Note 12).

## 10. Derivative financial instruments

### Interest rate swap

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

	<b>30 September 2021 (unaudited)</b>		<b>31 December 2020</b>		
	<b>Notional amount</b>	<b>Fair value Assets</b>	<b>Notional amount</b>	<b>Fair value</b>	
				<b>Assets</b>	<b>Liabilities</b>
Interest rate swap	8 647 406	732 845	6 822 406	108 231	1 123

To form the guarantee fund for interest rate swap operations, the Bank used investment securities – government bonds with a book value of UAH 1,671,233 thousand (31 December 2020: UAH 334,849 thousand) (Note 9).

### Foreign exchange swap

The Bank conducts currency exchange operations, as a result of which the Bank is obliged to provide one currency in exchange for another one in accordance with the established exchange rates. The notional amounts in the table below reflect the amounts to be repaid and the amounts to be received.

	<b>30 September 2021 (unaudited)</b>			
	<b>Notional amount</b>		<b>Fair value</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
Foreign exchange swap	305 852	303 841	2 016	5

(UAH thousand, unless otherwise stated)

## 11. Other assets and liabilities

Other assets comprise:

	30 September 2021 (unaudited)	31 December 2020
<b>Other financial assets</b>		
Transit accounts on operations with payment cards	197 482	118 437
Accounts receivable on operations with customers	63 020	79 485
Other accrued income	44 373	33 707
Accrued service fee on financial guarantees issued	17 398	6 307
Other	117	125
	<b>322 390</b>	<b>238 061</b>
Less: reserve for impairment	(91 816)	(97 061)
<b>Total other financial assets</b>	<b>230 574</b>	<b>141 000</b>
<b>Other nonfinancial assets</b>		
Other tax assets, except those related to income tax	145 247	155 535
Advance payments	111 684	137 927
Property transferred to the ownership of the bank as a pledgee	36 701	36 701
Precious metals	33 887	89 616
Cash, which availability is not confirmed	33 782	35 883
Inventories	28 408	27 090
Other	1 864	9 086
	<b>391 573</b>	<b>491 838</b>
Less: reserve for impairment	(77 656)	(95 009)
<b>Total other nonfinancial assets</b>	<b>313 917</b>	<b>396 829</b>
<b>Total other assets</b>	<b>544 491</b>	<b>537 829</b>

Other liabilities include:

	30 September 2021 (unaudited)	31 December 2020
<b>Other financial liabilities</b>		
Transit accounts on operations with customers	370 719	1 410 832
Transit accounts on operations with payment cards	117 534	41 592
Liabilities on financial guarantees issued	22 780	19 492
Accrued expenses	8 669	8 959
Lease liabilities	5 162	7 291
Derivative liabilities	5	1 123
<b>Total other financial liabilities</b>	<b>524 869</b>	<b>1 489 289</b>
<b>Other nonfinancial liabilities</b>		
Accrued salary	217 300	31 981
Accrued unused vacations	118 019	102 573
Payables to the Individual Deposit Guarantee Fund	53 031	70 364
Deferred income	38 280	36 976
Payables on taxes and mandatory contributions, except for income tax	35 168	31 832
Salary deductions	9 331	609
Payables on the Bank's business activities	5 690	36 442
Reserves for performance guarantees	3 299	3 455
Other	63	95
<b>Total other nonfinancial liabilities</b>	<b>480 181</b>	<b>314 327</b>
<b>Total other liabilities</b>	<b>1 005 050</b>	<b>1 803 616</b>

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

	Stage 1 group-based
Reserve as at 1 January 2021	97 061

(UAH thousand, unless otherwise stated)

New assets originated or purchased	6 692
Assets derecognized/(repaid)	(5 080)
Changes in reserves	2 949
Written-off assets	(159)
Translation differences	(2 681)
<b>Reserve as at 30 June 2021 (unaudited)</b>	<b>98 782</b>
New assets originated or purchased	1 550
Assets derecognized/(repaid)	(14 922)
Changes in reserves	7 746
Written-off assets	(191)
Translation differences	(1 149)
<b>Reserve as at 30 September 2021 (unaudited)</b>	<b>91 816</b>

*Stage 1  
group-based*

<b>Reserve as at 1 January 2020 (unaudited)</b>	<b>85 165</b>
New assets originated or purchased	20 159
Assets derecognized/(repaid)	(17 192)
Changes in reserves	3 546
Translation differences	4 440
<b>Reserve as at 30 June 2020 (unaudited)</b>	<b>96 118</b>
New assets originated or purchased	4 908
Assets derecognized/(repaid)	(4 860)
Changes in reserves	(228)
Written-off assets	(381)
Translation differences	3 678
<b>Reserve as at 30 September 2020 (unaudited)</b>	<b>99 235</b>

The tables below present an analysis of impairment losses on other nonfinancial assets:

<b>Reserve as at 1 January 2021</b>	<b>95 009</b>
Accrued	(15 354)
Translation differences	(1 362)
<b>Reserve as at 30 June 2021 (unaudited)</b>	<b>78 293</b>
Accrued	105
Translation differences	(742)
<b>Reserve as at 30 September 2021 (unaudited)</b>	<b>77 656</b>
<b>Reserve as at 1 January 2020</b>	<b>92 436</b>
Accrued	18 577
Translation differences	3 222
<b>Reserve as at 30 June 2020 (unaudited)</b>	<b>114 235</b>
Accrued	(10 987)
Translation differences	1 926
<b>Reserve as at 30 September 2020 (unaudited)</b>	<b>105 174</b>

## 12. Amount due to the National Bank of Ukraine

As of September 30, 2021, the amount due to the National Bank of Ukraine comprises:

(UAH thousand, unless otherwise stated)

	<i>30 September 2021 (unaudited)</i>	<i>31 December 2021</i>
Debts on loans to the National Bank of Ukraine	21 366 850	16 008 768
Correspondent account of the National Bank of Ukraine	549	–
<b>Amount due to the National Bank of Ukraine</b>	<b>21 367 399</b>	<b>16 008 768</b>

The amounts due to the National Bank of Ukraine on all refinancing loans are secured by investment securities – government bonds with a book value of UAH 25,160,939 thousand and corporate bonds with a book value of UAH 8,446,345 thousand (Note 9), as well as a guarantee deposit with a book value of UAH 7,745,250 thousand (Note 7) (31 December 2020: government bonds with a carrying amount of UAH 28,080,477 thousand and corporate bonds with a carrying amount of UAH 83,551 thousand).

### 13. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
<b>Current accounts</b>		
Ukrainian banks	2 722 224	933 636
CIS and other countries' banks	1 628	173
OECD banks	–	8 396
	<b>2 723 852</b>	<b>942 205</b>
<b>Loans and deposits</b>		
International financial institutions	22 460 125	24 571 842
OECD banks	978 263	–
Ukrainian banks	107 500	552 590
Other financial organizations	60 797	52 316
	<b>23 606 685</b>	<b>25 176 748</b>
Other amounts due to credit institutions	36 667	75
<b>Amounts due to credit institutions</b>	<b>26 367 204</b>	<b>26 119 028</b>

Loans of other credit institutions include a loan from the Entrepreneurship Development Fund (EDF), which is attracted under the program of lending to micro, small and medium enterprises (private entrepreneurs and legal entities of private ownership). Debt on the loan to the EDF is secured by investment securities – government bonds with a book value of UAH 85,801 thousand (December 31, 2020: UAH 94,566 thousand) (Note 9).

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

(UAH thousand, unless otherwise stated)

#### 14. Amounts due to customers

Amounts due to customers comprise:

	<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
<b>Current accounts</b>		
Legal entities	47 277 955	31 955 659
Budget financed organizations	14 126 396	12 265 200
Individuals	5 718 186	5 300 720
	<b>67 122 537</b>	<b>49 521 579</b>
<b>Time deposits</b>		
Legal entities	32 518 050	42 376 624
Individuals	20 760 958	23 682 905
Budget financed organizations	6 245 943	—
	<b>59 524 951</b>	<b>66 059 529</b>
<b>Amounts due to customers</b>	<b>126 647 488</b>	<b>115 581 108</b>
Held as security against guarantees and avals (Note 17)	2 692 536	584 524
Held as security against loans to customers	1 090 118	397 135
Held as security against letters of credit (Note 17)	75 622	88 524
Held as security against undrawn loan commitments (Note 17)	6 920	6 988

As of September 30, 2021, amount due to customers included attracted deposits at the amount of UAH 19,528 thousand (December 31, 2020: UAH 22,460 thousand) and current accounts in gold in the amount of UAH 23,102 thousand (December 31, 2020: UAH 58,759 thousand), which are measured at fair value with revaluation through profit or loss. The change in the fair value of funds raised in gold, which is due to changes in credit risk, as of September 30, 2021 is not available (December 31, 2020: not available).

#### 15. Eurobonds issued

	<i>30 September 2021 (unaudited)</i>			<i>31 December 2020</i>		
	<i>Nominal value (thous.)</i>	<i>Currency</i>	<i>Carrying amount</i>	<i>Nominal value (thous.)</i>	<i>Currency</i>	<i>Carrying amount</i>
April 2010 issue	500 000	USD	1 269 474	500 000	USD	1 980 940
October 2010 issue	250 000	USD	634 737	250 000	USD	990 470
January 2013 issue	500 000	USD	3 782 541	500 000	USD	9 415 079
April 2013 issue	100 000	USD	756 508	100 000	USD	1 883 016
March 2018 issue			—	4 051 000	UAH	4 267 647
<b>Eurobonds issued</b>			<b>6 443 260</b>			<b>18 537 152</b>

#### 16. Equity

As at September 30, 2021, the Bank's authorised capital comprised 31,168,806 ordinary registered shares (31 December 2020: 31,168,806 ordinary registered shares) with a nominal value of UAH 1,462.04 per share (31 December 2020: UAH 1,462.04 per share). As at September 30, 2021, 31,168,806 ordinary registered shares were fully paid and registered (31 December 2020: all shares were fully paid and registered).

(UAH thousand, unless otherwise stated)

In June 2020, in accordance with the Resolution of the Cabinet of Ministers of Ukraine of April 24, 2020 № 328 “On approval of the basic standard for deducting the share of profits aimed at paying dividends on financial and economic activities in 2019 of companies in the authorized capital of which there are corporate rights of the state”, the Bank directed part of the profit to the payment of dividends in the amount of UAH 19,086 thousand. In accordance with Article 57 of the Tax Code of Ukraine, the Bank accrued and paid to the budget an advance on income tax in the amount of UAH 3,435,000.

In September 2020, in accordance with the Resolution of the Cabinet of Ministers of Ukraine of September 23, 2020 № 881 “On increasing the authorized capital of the Joint Stock Company “The State Export-Import Bank of Ukraine”, the authorized capital of the Bank was increased by UAH 6,839,999 thousand by issuing 4,678,394 additional shares with a nominal value of UAH 1,462.04 each, retaining 100 percent of such shares in state ownership. As of September 30, 2020, these shares have not yet been registered, therefore this amount was included in the article "Unregistered share capital".

In June 2021, in accordance with the Resolution of the Cabinet of Ministers of Ukraine of April 28, 2021 № 392-p “Some issues of Joint Stock Company “The State Export-Import Bank of Ukraine”, the Bank sent unallocated earnings of previous years totaling 525,244 thousand UAH to the reserve fund and used the total balance of the reserve fund in the amount of UAH 732,702 thousand to cover last year's loss.

### Movements in revaluation reserves

Movements in revaluation reserves were as follows:

	<i>Fixed assets revaluation reserve</i>	<i>Unrealised gains/ (losses) on investment securities at fair value through other comprehensive income</i>	<i>Revaluation reserves</i>
<b>As at 1 January 2020</b>	<b>697 568</b>	<b>(359 789)</b>	<b>337 779</b>
Depreciation of revaluation reserve, net of tax	(9 928)	–	(9 928)
<b>Net loss on investment securities at fair value through other comprehensive income, including:</b>	<b>–</b>	<b>(63 408)</b>	<b>(63 408)</b>
Reversal of expenses on expected credit losses on investment securities at fair value through other comprehensive income	–	13 114	13 114
Net realized losses on investment securities at fair value through other comprehensive income reclassified to the consolidated statement of profit and loss	–	33 059	33 059
Net unrealised losses on investment securities at fair value through other comprehensive income	–	(109 581)	(109 581)
Income tax related to components of other comprehensive income	–	–	–
<b>As at 30 September 2020 (unaudited)</b>	<b>687 640</b>	<b>(423 197)</b>	<b>264 443</b>
<b>As at 1 January 2021</b>	<b>1 013 287</b>	<b>(487 604)</b>	<b>525 683</b>
Depreciation of revaluation reserve, net of tax	(14 793)	–	(14 793)
<b>Net loss on investment securities at fair value through other comprehensive income, including:</b>	<b>–</b>	<b>(391 556)</b>	<b>(391 556)</b>
Reversal of expenses on expected credit losses on investment securities at fair value through other comprehensive income	–	7 456	7 456
Net profit on investment securities at fair value through other comprehensive income reclassified to the consolidated statement of profit and loss	–	(19 391)	(19 391)
Net unrealised losses on investment securities at fair value through other comprehensive income	–	(379 621)	(379 621)
Income tax related to components of other comprehensive income	–	–	–
<b>As at 30 September 2021 (unaudited)</b>	<b>998 494</b>	<b>(879 160)</b>	<b>119 334</b>

(UAH thousand, unless otherwise stated)

## 17. Credit-related commitments

Credit-related commitments of the Bank included:

	<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
Undrawn loan commitments	9 841 639	11 487 832
Financial guarantees	1 428 492	273 167
Letters of credit	1 266 204	146 068
Avals on promissory notes	459 339	334 339
	<b>12 995 674</b>	<b>12 241 406</b>
Less: reserves	(258 235)	(135 531)
<b>Credit-related commitments (before cash held as security)</b>	<b>12 737 439</b>	<b>12 105 875</b>
Less: cash held as security against letters of credit, avals, finance guarantees and loan commitments (Note 14)	(815 872)	(220 884)
<b>Credit-related commitments</b>	<b>11 921 567</b>	<b>11 884 991</b>

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

	<i>Stage 1 group-based</i>	<i>Stage 2 group-based</i>	<i>Stage 3 group-based</i>	<i>Total</i>
<b>Credit-related commitments as at 1 January 2021</b>	<b>126 706</b>	<b>3 713</b>	<b>402</b>	<b>130 821</b>
New liabilities originated or purchased	553 630	—	—	553 630
Liabilities derecognized/(repaid)	(194 975)	(8 893)	(351)	(204 219)
Transfer to Stage 1	949	(949)	—	—
Transfer to Stage 2	(1 172)	1 243	(71)	—
Transfer to Stage 3	(47 835)	(124)	47 959	—
Changes in reserves	(18 250)	5 192	(25 464)	(38 522)
Changes in macromodel inputs	(20 237)	(2)	—	(20 239)
Translation differences	(6 982)	(19)	(764)	(7 765)
<b>Reserve for credit-related commitments as at 30 June 2021 (unaudited)</b>	<b>391 834</b>	<b>161</b>	<b>21 711</b>	<b>413 706</b>
New liabilities originated or purchased	167 251	—	—	167 251
Liabilities derecognized/(repaid)	(109 096)	(92)	(238)	(109 426)
Transfer to Stage 1	117	(117)	—	—
Transfer to Stage 2	(218)	292	(74)	—
Transfer to Stage 3	(88)	(22)	110	—
Changes in reserves	(261 343)	46	1 481	(259 816)
Translation differences	(4 808)	—	(459)	(5 267)
<b>Reserve for credit-related commitments as at 30 September 2021 (unaudited)</b>	<b>183 649</b>	<b>268</b>	<b>22 531</b>	<b>206 448</b>
<b>Reserve for credit-related commitments as at 1 January 2020</b>	<b>47 357</b>	<b>206</b>	<b>646</b>	<b>48 209</b>
New liabilities originated or purchased	39 265	—	—	39 265
Liabilities derecognized/(repaid)	(60 094)	(2 596)	(457)	(63 147)
Transfer to Stage 1	354	(354)	—	—

(UAH thousand, unless otherwise stated)

	<i>Stage 1</i> <i>group-based</i>	<i>Stage 2</i> <i>group-based</i>	<i>Stage 3</i> <i>group-based</i>	<i>Total</i>
Transfer to Stage 2	(3 211)	3 496	(285)	–
Transfer to Stage 3	(102)	(133)	235	–
Changes in reserves	42 674	2 023	393	45 090
Translation differences	1 346	152	–	1 498
<b>Reserve for credit-related commitments as at 30 June 2020 (unaudited)</b>	<b>67 589</b>	<b>2 794</b>	<b>532</b>	<b>70 915</b>
New liabilities originated or purchased	23 139	–	–	23 139
Liabilities derecognized/(repaid)	(11 237)	(4 993)	(199)	(16 429)
Transfer to Stage 1	285	(285)	–	–
Transfer to Stage 2	(126)	340	(214)	–
Transfer to Stage 3	(8)	(63)	71	–
Changes in reserves	(7 024)	2 862	235	(3 927)
Translation differences	2 155	2	–	2 157
<b>Reserve for credit-related commitments as at 30 September 2020 (unaudited)</b>	<b>74 773</b>	<b>657</b>	<b>425</b>	<b>75 855</b>

#### Performance guarantees

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

	<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
Performance guarantees	6 205 304	2 921 593
Less: reserves	(3 299)	(3 455)
<b>Performance guarantees commitments (before cash held as security)</b>	<b>6 202 005</b>	<b>2 918 138</b>
Less: cash held as security against performance guarantees (Note 14)	(1 959 206)	(459 152)
<b>Performance guarantees commitments</b>	<b>4 242 799</b>	<b>2 458 986</b>

The reserve for performance guarantees is included in other commitments.

#### Financial terms of agreements

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

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

#### Assets pledged as collateral

The Bank provides as collateral assets that are reflected in the consolidated financial statement in the context of the various current transactions carried out under the normal conditions applicable to such agreements.

Assets pledged by the Bank as collateral:

		<i>30 September 2021</i> <i>(unaudited)</i>		<i>31 December 2020</i>	
<i>Commitment type</i>	<i>Asset type</i>	<i>Commitment amount</i>	<i>Book value of asset</i>	<i>Commitment amount</i>	<i>Book value of asset</i>

(UAH thousand, unless otherwise stated)

NBU refinancing loans	Government bonds at fair value through profit or loss		11 264 280		15 902 090
	Government bonds at fair value through other comprehensive income	21 366 850	7 064 675	16 008 768	8 094 665
	Government bonds at amortized cost		6 831 984		4 083 722
	Corporate bonds		8 446 345		83 551
	Guarantee deposit		7 745 250		–
Interest rate swap with the NBU (notional amount)	Government bonds at fair value through other comprehensive income	8 647 406	1 671 233	6 822 406	334 849
Credit of the Entrepreneurship Development Fund	Government bonds at fair value through other comprehensive income	60 797	85 801	52 316	94 566

## 18. Personnel and other operating expenses

Personnel and other operating expenses comprise:

	2021		2020	
	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
	(unaudited)			
Salaries and bonuses	377 922	1 136 213	315 251	925 988
Mandatory contributions to the state funds	59 019	170 186	54 000	166 557
<b>Personnel expenses</b>	<b>436 941</b>	<b>1 306 399</b>	<b>369 251</b>	<b>1 092 545</b>
Payables to the Individual Deposit Guarantee Fund	53 031	163 028	68 855	200 199
Repair and maintenance of property and equipment	31 149	82 510	37 010	103 824
Security	18 855	48 196	14 704	43 012
Operating taxes	13 973	37 973	9 356	47 063
Marketing and advertising	12 569	18 962	1 483	6 601
Legal and advisory services	12 189	22 470	27 076	53 625
Expenses for information computer processing	11 894	29 893	8 465	21 716
Maintenance of premises	9 174	29 715	9 666	26 521
Expenses for cash collection	7 194	17 634	4 464	14 097
Credit obligation commissions	4 137	16 079	2 690	8 057
Rent of premises	3 595	10 212	3 165	9 213
Communication services	3 583	10 608	3 662	12 056
Business expenses	2 730	8 418	4 295	13 163
Business travel and related expenses	1 711	3 304	441	2 288
Expenses for maintenance of representative offices	674	2 146	615	2 187
(Reversal of losses) / impairment losses on non-financial assets	105	(15 249)	(10 987)	7 590
Other	17 615	35 314	9 160	52 762
<b>Other operating expenses</b>	<b>204 178</b>	<b>521 213</b>	<b>194 120</b>	<b>623 974</b>

Expenses for contributions to the non-state pension fund for the period ended 30 September, 2021 comprised UAH 639 thousand (30 September 2020: UAH 15,970 thousand).

## 19. Fair value of assets and liabilities

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

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

(UAH thousand, unless otherwise stated)

	30 September 2021 (unaudited)			31 December 2020		
	Carrying amount	Fair value	Unrecognised gain/(loss)	Carrying amount	Fair value	Unrecognised gain/(loss)
<b>Financial assets</b>						
Cash and cash equivalents	48 754 855	48 754 855	–	49 912 943	49 912 943	–
Amounts due from credit institutions	8 307 750	8 307 750	–	331 621	331 621	–
Loans to customers	64 523 696	63 655 329	(868 367)	48 608 320	47 897 910	(710 410)
Investment securities at amortised cost	33 380 341	32 937 953	(442 388)	45 174 610	45 122 082	(52 528)
Other assets	230 574	230 574	–	141 000	141 000	–
<b>Financial liabilities</b>						
Amounts due to the NBU	21 367 399	21 367 399	–	16 008 768	16 008 768	–
Amounts due to credit institutions	26 367 204	26 367 204	–	26 119 028	26 119 028	–
Amounts due to customers	126 604 858	126 571 756	33 102	115 499 889	115 497 652	2 237
Eurobonds issued	6 443 260	6 905 237	(461 977)	18 537 152	19 391 412	(854 260)
Subordinated debt	3 568 763	3 724 289	(155 526)	4 341 176	4 488 981	(147 805)
Other liabilities	524 864	524 864	–	1 488 166	1 488 166	–
<b>Total unrecognised change in unrealised fair value</b>			<b>(1 895 156)</b>			<b>(1 762 766)</b>

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

*Assets, which fair value approximates their carrying value*

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

*Fixed rate financial instruments*

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

**Fair value of financial assets carried at fair value**

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

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

*(UAH thousand, unless otherwise stated)*

**Investment securities at fair value through profit or loss and investment securities at fair value through other comprehensive income**

The fair value of investment securities at fair value through profit or loss is determined using the valuation model, the input data of which are as observed in the market (exchange rate, coefficients of the zero-coupon yield curve based on hryvnia government bonds (Nelson-Siegel model), interest rates) and unobserved (historical volatility of the course).

The fair value of investment securities at fair value through other comprehensive income (excluding shares) is determined by quotations on the securities market or in accordance with the internal methodology for estimating the fair value of securities.

The value of shares is determined using models that include only non-market data, including assumptions about the future financial performance of the investee.

**Derivative financial instruments**

The fair value of derivative financial instruments is determined in accordance with the internal methodology for estimating the fair value of derivative financial instruments.

(UAH thousand, unless otherwise stated)

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

<b>As at 30 September, 2021</b> <b>(unaudited)</b>	<b>Fair value recurring measurements</b>		
	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Current accounts with other credit institutions in precious metals	54 293	–	54 293
Investment securities at fair value through profit or loss	–	23 319 493	23 319 493
Investment securities at fair value through other comprehensive income	13 116 689	22 670	13 139 359
Derivative financial assets	734 861	–	734 861
<b>Total assets</b>	<b>13 905 843</b>	<b>23 342 163</b>	<b>37 248 006</b>
Amounts due to customers in precious metals	42 630	–	42 630
Derivative financial liabilities	5	–	5
<b>Total liabilities</b>	<b>42 635</b>	<b>–</b>	<b>42 635</b>

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

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

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

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

	<b>As at 1 January 2021</b>	<b>Profit/ (loss) recognised in the consolidated statement of profit and loss</b>	<b>Profit recognised in the consolidated statement of comprehensive income</b>	<b>Settlements</b>	<b>As at 30 September 2021 (unaudited)</b>
Investment securities at fair value through profits and losses	29 008 521	(1 387 908) <sup>(a)</sup>	–	(4 301 120) <sup>(6)</sup>	23 319 493
Investment securities at fair value through other comprehensive income	22 603	933 <sup>(b)</sup>	67	(933) <sup>(r)</sup>	22 670
<b>Total assets</b>	<b>29 031 124</b>	<b>(3 736 034)</b>	<b>67</b>	<b>(1 952 994)</b>	<b>23 342 163</b>

(UAH thousand, unless otherwise stated)

	<i>As at 1 January 2021</i>	<i>Profit/ (loss) recognised in the consolidated statement of profit and loss</i>	<i>Profit recognised in the consolidated statement of comprehensive income</i>	<i>Settlements</i>	<i>As at 30 September 2021 (unaudited)</i>	
	<i>As at 1 January 2020</i>	<i>Profit/ (loss) recognised in the consolidated statement of profit and loss</i>	<i>Profit recognised in the consolidated statement of comprehensive income</i>	<i>Transfer from 2<sup>nd</sup> level to 3<sup>rd</sup> level of hierarchy</i>	<i>Settlements</i>	<i>As at 31 December 2020 (unaudited)</i>
Investment securities at fair value through profits and losses	–	(63 771) <sup>(a)</sup>	–	29 342 952	(270 660) <sup>(6)</sup>	29 008 521
Investment securities at fair value through other comprehensive income	17 940	699 <sup>(b)</sup>	4 663	–	(699) <sup>(r)</sup>	22 603
<b>Total assets</b>	<b>17 940</b>	<b>(63 072)</b>	<b>4 663</b>	<b>29 342 952</b>	<b>(271 359)</b>	<b>29 031 124</b>

- (a) Losses in the amount of UAH (1,387,908) thousand include: UAH (2,301,063) thousand revaluation of investment securities at fair value through profit or loss, which is included in the item "Net profit / (loss) from investment securities at fair value through profit or loss" and UAH 913,155 thousand of accrued interest income, which is included in the item "Interest income on investment securities at fair value through profit or loss" (2020: Losses in the amount of UAH (63 771) thousand include: UAH (372 944) thousand of revaluation of investment securities at fair value through profit or loss, which is included in the item "Net income / (loss) from investment securities at fair value through profit or loss" and UAH 309,173 thousand accrued interest income, which is included in the item "Interest income from investment securities at fair value through profit or loss").
- (b) Redemptions in the amount of UAH 4,301,120 thousand include: UAH 952,300 thousand of redemption of the coupon and UAH 3,348,820 thousand redemption of securities (2020: redemption of the coupon in the amount of UAH 270,660 thousand).
- (c) Accrued dividends in the amount of UAH 933 thousand included in the item "Other income" (2020: accrued dividends in the amount of UAH 699 thousand included in the item "Other income").
- (d) Payment of dividends in the amount of UAH 933 thousand (2020: payment of dividends in the amount of UAH 699 thousand).

Profit or loss on Level 3 assets, measured at fair value, included in profit or loss for the nine months ended September 30, 2021 and 2020 are:

	<i>As at 30 September 2021 (unaudited)</i>		
	<i>Realized profits</i>	<i>Unrealized profit / (losses)</i>	<i>Total</i>
Investment securities at fair value through profits and losses	461 485	(1 849 393)	(1 387 908)
Investment securities at fair value through other comprehensive income	933	–	933
<b>Total</b>	<b>462 418</b>	<b>(1 849 393)</b>	<b>(1 386 975)</b>

	<i>As at 30 September 2020 (unaudited)</i>	
	<i>Realized profits</i>	<i>Total</i>
Investment securities at fair value through other comprehensive income	699	699
<b>Total</b>	<b>699</b>	<b>699</b>

(UAH thousand, unless otherwise stated)

The table below provides quantitative information as of September 30, 2021 and December 31, 2020 on significant non-observed market inputs used to determine the fair value of financial instruments classified as level 3 of the fair value hierarchy:

<i><b>As at 30 September 2021 (unaudited)</b></i>	<i><b>Carrying amount</b></i>	<i><b>Valuation technique</b></i>	<i><b>Unobservable parameter</b></i>	<i><b>Range of parameter values</b></i>
Investment securities at fair value through profits and losses	23 319 493	Harman-Kolhagen model	Historical volatility of the hryvnia/dollar exchange rate	26,161%
Investment securities at fair value through other comprehensive income	22 670	Discounted cash flows	Expected return	13,0%
<i><b>As at 31 December 2020</b></i>	<i><b>Carrying amount</b></i>	<i><b>Valuation technique</b></i>	<i><b>Unobservable parameter</b></i>	<i><b>Range of parameter values</b></i>
Investment securities at fair value through profits and losses	29 008 521	Harman-Kolhagen model	Historical volatility of the hryvnia/dollar exchange rate	26,41%
Investment securities at fair value through other comprehensive income	22 603	Discounted cash flows	Expected return	12,5%

#### **The sensitivity of the Level 3 fair value estimate to possible changes in the input data used**

When increasing / decreasing the historical volatility of the exchange rate by 1 percentage point, the fair value of investment securities at fair value through profit or loss will increase by UAH 68,881 thousand / will decrease by UAH 66,637 thousand as of September 30, 2021.

Assumptions about the impact of changes in exchange rate volatility as of September 30, 2021 when estimating the fair value of investment securities at fair value through profit or loss are estimated by the bank at +3,189 percentage points. The effect of such changes in the volatility of the rate on government bonds with an indexed value is 226,488 thousand UAH and will increase profits.

## **20. Related party disclosures**

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

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

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

The outstanding balances with the key management personnel as at 30 September 2021 and 31 December 2020 and the related income and expense for the nine months ended 30 September 2021 and 2020 are as follows:

(UAH thousand, unless otherwise stated)

	<i>Key management personnel</i>	
	<i>30 September</i>	<i>31 December</i>
	<i>2021</i> <i>(unaudited)</i>	<i>2020</i>
<b>Loans to customers, total amount</b>	2 093	1 491
Less: reserve for impairment	(36)	(20)
<b>Loans to customers, net amount</b>	<b>2 057</b>	<b>1 471</b>
Current accounts	3 749	7
Time deposits	6 330	1 006
<b>Amounts due to customers</b>	<b>10 079</b>	<b>1 013</b>
Other liabilities	12	10
<i>For the period ended</i>		
<i>30 September</i>		
<i>2021</i>		
<i>2020</i>		
<i>(unaudited)</i>		
Interest income on loans	179	21
Interest expense on customer deposits	(69)	(338)
Commission income	42	9
Translation differences	40	(1 823)

During the nine months ended September 30, 2021, the total amount of remuneration and other payments to key management personnel amounted to UAH 88,558 thousand (payments to the non-state pension fund - UAH 40 thousand) (September 30, 2020: UAH 46,638 thousand, payments to the non-state pension fund - UAH 108 thousand).

In the normal course of business, the Bank enters into contractual agreements with the Government of Ukraine and entities controlled, either directly or indirectly, or significantly influenced by the state. The Bank provides such 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 on transactions with state-controlled enterprises, which are significant given the book value, as of September 30, 2021 were as follows (unaudited):

<i>Client</i>	<i>Sector</i>	<i>Cash and cash</i> <i>equivalents</i>	<i>Amounts due</i> <i>of credit</i> <i>institutions</i>	<i>Loans to</i> <i>customers</i>	<i>Amounts due</i> <i>to the NBU</i>	<i>Amounts due</i> <i>to customers</i>	<i>Guarantees</i> <i>issued</i>
Client 1	State-owned entities	—	—	—	—	5 906 423	—
Client 2	State-owned entities	—	—	—	—	1 177 827	—
Client 3	State-owned entities	—	—	—	—	1 087 153	—
Client 4	Finance	21 478 351	7 745 270	—	21 367 399	—	—
Client 5	Finance	—	—	—	—	1 266 094	—
Client 6	Transport and communications	—	—	—	—	12 333 708	—
Client 7	Transport and communications	—	—	1 412 913	—	—	—
Client 8	Energy production	—	—	4 048 475	—	1 248 980	—
Client 9	Energy production	—	—	4 937 684	—	—	—
Client 10	Mining industry	—	—	3 804 587	—	3 285 942	—
Client 11	Mining industry	—	—	2 571 410	—	—	—
Client 12	Road construction	—	—	5 401 589	—	3 116 051	—
Client 13	Mechanical engineering	—	—	—	—	2 800 450	—
Client 14	Mechanical engineering	—	—	1 591 857	—	—	546 239
Client 15	Mechanical engineering	—	—	—	—	—	103 772
Client 16	Trade	—	—	—	—	—	1 665 094
Client 17	Trade	—	—	—	—	—	1 628 551
Others	—	—	—	2 654 001	—	17 722 564	—

(UAH thousand, unless otherwise stated)

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

<i>Client</i>	<i>Sector</i>	<i>Cash and cash equivalents</i>	<i>Loans to customers</i>	<i>Amounts due to the NBU</i>	<i>Amounts due to customers</i>	<i>Guarantees issued</i>
Client 1	State-owned entities	–	–	–	6 850 351	–
Client 2	State-owned entities	–	–	–	1 634 972	–
Client 4	Finance	14 487 474	–	16 008 768	–	–
Client 10	Mining industry	–	4 262 727	–	5 419 423	–
Client 11	Mining industry	–	505 223	–	–	–
Client 19	Agriculture and food industry	–	–	–	5 610 690	–
Client 9	Energy production	–	5 045 250	–	–	–
Client 14	Mechanical engineering	–	1 796 436	–	1 419 874	479 268
Client 15	Mechanical engineering	–	–	–	–	111 966
Client 7	Transport and communications	–	1 896 652	–	–	–
Client 18	Transport and communications	–	–	–	1 607 746	–
Client 17	Trade	–	895 351	–	–	478 703
Client 16	Trade	–	–	–	–	892 093
Client 12	Road construction	–	1 002 859	–	–	–
Client 20	Professional, scientific and technical activities	–	–	–	890 637	–
Others	–	–	–	–	11 825 344	36 745

During the nine months ended September 30, 2021, the Bank recognized UAH 2,278,571 thousand for significant transactions with state-controlled enterprises (September 30, 2020: UAH 1,347,187 thousand) of interest income, including UAH 805,229 thousand for transactions with NBU deposit certificates for up to 90 days (September 30, 2020: UAH 288,871 thousand), as well as UAH 2,302,047 thousand (September 30, 2020: UAH 518,723 thousand) of interest expenses.

As of September 30, 2021 and December 31, 2020 the Bank's investments in securities issued by the state or state-controlled entities were as follows:

	<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
Investment securities at fair value through profit or loss	23 319 493	29 008 521
Investment securities at fair value through other comprehensive income	13 133 420	14 235 447
Investment securities at amortized cost	33 380 341	45 174 610

During the nine months ended September 30, 2021, the Bank recognized UAH 2,776,900 thousand (September 30, 2020: UAH 1,997,949 thousand) interest income on government bonds, on transactions with other investment securities UAH 1,238,881 thousand. (September 30, 2020: UAH 481,667 thousand) of interest income.

## 21. Capital adequacy

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

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

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

### NBU capital adequacy ratio

The Bank's capital adequacy ratio was as follows:

<i>30 September 2021 (unaudited)</i>	<i>31 December 2020</i>
--	-----------------------------

(UAH thousand, unless otherwise stated)

	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020</b>
Core capital	8 767 033	10 515 081
Additional capital, calculated	5 397 243	4 534 514
Additional capital, included in calculation of total capital (limited to core capital)	5 397 243	4 534 514
<b>Total regulatory capital</b>	<b>14 164 276</b>	<b>15 049 595</b>
<b>Risk weighted assets</b>	<b>68 676 453</b>	<b>64 669 917</b>
Core capital adequacy ratio	12,77%	16,26%
Regulatory capital adequacy ratio	20,62%	23,27%

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

#### Capital adequacy ratio under Basel Capital Accord 1988

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

	<b>30 September 2021 (unaudited)</b>	<b>31 December 2020</b>
Tier 1 capital	10 931 896	9 188 109
Tier 2 capital, calculated	3 578 138	4 577 301
Tier 2 capital, included in calculation of total capital	3 578 138	4 577 301
<b>Total capital</b>	<b>14 510 034</b>	<b>13 765 410</b>
<b>Risk weighted assets</b>	<b>82 601 859</b>	<b>64 466 993</b>
Tier 1 capital adequacy ratio	13,2%	14,3%
Total capital adequacy ratio	17,6%	21,4%