

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

Interim condensed consolidated financial statements

for three months ended 31 March 2019

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Translation from Ukrainian original

Joint Stock Company

The State Export-Import Bank of Ukraine

Interim condensed consolidated financial statements

**INTERIM CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION
(CONSOLIDATED BALANCE SHEET)**

As at 31 March 2019

(thousands of Ukrainian hryvnia)

	<i>Notes</i>	<i>31 March 2019 (unaudited)</i>	<i>31 December 2018</i>
Assets			
Cash and cash equivalents	4	28,073,694	18,545,858
Amounts due from credit institutions	7	314,476	569,890
Loans to customers	8	69,432,829	72,496,358
Investment securities:	9		
- at fair value through profit or loss		26,475,085	26,653,561
- at fair value through other comprehensive income		32,623,505	35,789,095
- at amortised cost		24,318	49,855
Tax assets		141,056	161,080
Investment property		1,153,243	1,153,243
Property and equipment		1,634,910	1,646,109
Intangible assets		51,138	54,266
Deferred income tax asset		2,033,021	2,033,021
Non-current assets held for sale		39,614	39,614
Other assets	10	551,361	2,451,523
Total assets		162,548,250	161,643,473
Liabilities			
Amounts due to credit institutions	11	23,934,448	24,405,913
Amounts due to customers	12	84,094,911	82,163,124
Eurobonds issued	13	41,862,439	42,541,905
Subordinated debt		3,447,548	3,584,690
Provisions for credit-related commitments	15	50,687	72,625
Other liabilities	10	428,621	423,623
Total liabilities		153,818,654	153,191,880
Equity			
Share capital	14	38,730,042	38,730,042
Revaluation reserves		(937,943)	(816,406)
Result from transactions with the shareholder		635,104	635,104
Accumulated deficit		(29,860,533)	(30,260,073)
Reserve and other funds		162,926	162,926
Total equity		8,729,596	8,451,593
Total equity and liabilities		162,548,250	161,643,473

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27 May 2019

Chairman of the Board

O.V. Hrytsenko

Chief Accountant of the Bank

N.A. Potemska

Notes on pages 7-37 constitute an integral part hereof

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Joint Stock Company

The State Export-Import Bank of Ukraine

Interim condensed consolidated financial statements

**INTERIM CONSOLIDATED CONDENSED STATEMENT OF PROFIT AND LOSS
(CONSOLIDATED INCOME STATEMENT)**

For three months ended 31 March 2019

(thousands of Ukrainian hryvnia)

	2019		2018	
	<i>for three months ended 31 March</i>	<i>on an accrual basis year-to-date</i>	<i>for three months ended 31 March</i>	<i>on an accrual basis year-to-date</i>
<i>Notes</i>	<i>(unaudited)</i>			
Interest income				
Interest income calculated with effective interest rate:				
- loans to customers	2,029,093	2,029,093	1,682,571	1,682,571
- investment securities designated at fair value in other comprehensive income	630,427	630,427	787,757	787,757
- investment securities designated at amortised cost	1,335	1,335	3,328	3,328
- amounts due from credit institutions	95,905	95,905	63,500	63,500
Other interest income:				
- investment securities designated at fair value through profit or loss	302,370	302,370	302,377	302,377
	3,059,130	3,059,130	2,839,533	2,839,533
Interest expense				
Amounts due to customers	(1,184,050)	(1,184,050)	(934,884)	(934,884)
Eurobonds issued	(1,062,702)	(1,062,702)	(944,546)	(944,546)
Amounts due to credit institutions	(373,986)	(373,986)	(296,272)	(296,272)
Subordinated debt	(82,156)	(82,156)	(74,526)	(74,526)
	(2,702,894)	(2,702,894)	(2,250,228)	(2,250,228)
Net interest income	356,236	356,236	589,305	589,305
Net (losses)/gains from modification of financial assets designated at amortised cost	(20,281)	(20,281)	111,543	111,543
Expenses for the expected credit losses	6 (203,176)	(203,176)	(254,481)	(254,481)
Net gains/ (losses) from impairment of credit-related commitments	20,526	20,526	(8,018)	(8,018)
Commission income	258,669	258,669	230,985	230,985
Commission expense	(101,780)	(101,780)	(83,649)	(83,649)
Net gains/(losses) from investment securities designated at fair value through profit or loss	40,634	40,634	(1,604,914)	(1,604,914)

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Interim condensed consolidated financial statements

INTERIM CONSOLIDATED CONDENSED STATEMENT OF PROFIT AND LOSS
(CONSOLIDATED INCOME STATEMENT) (continued)

	<i>Notes</i>	<i>2019</i>		<i>2018</i>	
		<i>for three months ended 31 March</i>	<i>on an accrual basis year-to-date</i>	<i>for three months ended 31 March</i>	<i>an accrual basis year-to-date</i>
<i>(unaudited)</i>					
Net losses from investment securities at fair value through other comprehensive income, reclassified from statement of total redemption income		(278)	(278)	(41,630)	(41,630)
Net gains from foreign currency transactions:					
- dealing		128,198	128,198	38,103	38,103
- translation differences		408,215	408,215	1,689,239	1,689,239
Net gains/(losses) from precious metals:					
- dealing		3	3	126	126
- revaluation		453	453	(504)	(504)
Other income		24,953	24,953	26,182	26,182
Personnel expenses	16	(307,927)	(307,927)	(267,445)	(267,445)
Depreciation and amortisation		(26,610)	(26,610)	(25,391)	(25,391)
Other operating expenses	16	(181,586)	(181,586)	(171,809)	(171,809)
Income before tax		396,249	396,249	227,642	227,642
Income tax expenses		(18)	(18)	(3)	(3)
Income for the period		396,231	396,231	227,639	227,639

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27 May 2019

Chairman of the Board

O.V. Hrytsenko

Chief Accountant of the Bank

N.A. Potemka

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**For three months ended 31 March 2019***(thousands of Ukrainian hryvnia)*

	<i>2019</i>		<i>2018</i>	
	<i>for three months ended 31 March</i>	<i>on an accrual basis year-to-date</i>	<i>for three months ended 31 March</i>	<i>an accrual basis year-to-date</i>
	<i>(unaudited)</i>			
Income for the period	396,231	396,231	227,639	227,639
Other comprehensive income/(loss)				
Other comprehensive loss to be reclassified to the consolidated statement of profit and loss (consolidated income statement) in subsequent periods				
Net loss from investment securities at fair value through other comprehensive income (Note 14)	(118,228)	(118,228)	(781,337)	(781,337)
Income tax related to components of other comprehensive income	–	–	–	–
Other loss for the period	<u>(118,228)</u>	<u>(118,228)</u>	<u>(781,337)</u>	<u>(781,337)</u>
Total comprehensive income/(loss) for the period	<u>278,003</u>	<u>278,003</u>	<u>(553,698)</u>	<u>(553,698)</u>

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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(CONSOLIDATED STATEMENT OF EQUITY)**

For three months ended 31 March 2019

(thousands of Ukrainian hryvnia)

	<i>Share capital</i>	<i>Revaluation reserve</i>	<i>Result from transactions with the shareholder</i>	<i>Accumulated deficit</i>	<i>Reserve and other funds</i>	<i>Total capital</i>
As at 31 December 2017	38,730,042	282,951	635,104	(25,747,076)	162,926	14,063,947
Effect of IFRS 9 application	–	(71,168)	–	(4,743,053)	–	(4,814,221)
Restated opening balance under IFRS 9	38,730,042	211,783	635,104	(30,490,129)	162,926	9,249,726
Profit for the period	–	–	–	227,639	–	227,639
Other comprehensive loss for the period	–	(781,337)	–	–	–	(781,337)
Total comprehensive loss for the period	–	(781,337)	–	227,639	–	(553,698)
Depreciation of revaluation reserve, net of tax (Note 14)	–	(3,323)	–	3,323	–	–
As at 31 March 2018 (unaudited)	38,730,042	(572,877)	635,104	(30,259,167)	162,926	8,696,028
As at 31 December 2018	38,730,042	(816,406)	635,104	(30,260,073)	162,926	8,451,593
Profit for the period	–	–	–	396,231	–	396,231
Other comprehensive loss for the period (Note 14)	–	(118,228)	–	–	–	(118,228)
Total comprehensive income for the period	–	(118,228)	–	396,231	–	278,003
Depreciation of revaluation reserve, net of tax (Note 14)	–	(3,309)	–	3,309	–	–
As at 31 March 2019 (unaudited)	38,730,042	(937,943)	635,104	(29,860,533)	162,926	8,729,596

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Notes on pages 7-33 constitute an integral part hereof

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (direct method)**For three months ended 31 March 2019***(thousands of Ukrainian hryvnia)*

	<i>For the period ended 31 March</i>	
	<i>2019</i>	<i>2018</i>
<i>Notes</i>	(unaudited)	
Cash flows from operating activities		
Interest received	2,873,202	3,130,068
Interest paid	(2,609,426)	(2,156,216)
Commissions received	285,275	189,650
Commissions paid	(101,780)	(83,389)
Result from dealing in foreign currencies and precious metals	128,201	38,229
Personnel expenses paid	(341,613)	(319,910)
Other operating income received	24,953	23,811
Other operating and administrative expenses paid	(174,061)	(156,076)
Cash flow from operating activities before changes in operating assets and liabilities	84,751	666,167
<i>Net (increase)/ decrease in operating assets</i>		
Amounts due from credit institutions	207,558	(118,651)
Loans to customers	4,067,565	1,078,302
Other assets	310,050	(3,704,076)
<i>Net increase/ (decrease) in operating liabilities</i>		
Amounts due to credit institutions	(734,870)	(205,989)
Amounts due to the National Bank of Ukraine	-	(2,224)
Amounts due to customers	2,948,889	(4,875,434)
Other liabilities	(272,467)	84,434
Net cash flows from operating activities before income tax	6,611,476	(7,077,471)
Income tax paid	-	(29)
Net cash flows from operating activities	6,611,476	(7,077,500)
Cash flows from investing activities		
Proceeds from sale and redemption of investment securities	5,748,831	15,007,726
Purchase of investment securities	(2,913,113)	(13,568,590)
Purchases of property, equipment and intangible assets	(12,810)	(2,966)
Net cash flows from investment activities	2,822,908	1,436,170
Cash flows from financing activities	5	
Proceeds from Eurobonds issued	-	4,051,000
Proceeds from borrowings from credit institutions	2,082,548	935,445
Repayment of borrowings from credit institutions	(1,605,796)	(867,107)
Net cash flows from financing activities	476,752	4,119,338
Effect of exchange rates changes on cash and cash equivalents	(384,201)	(476,674)
Effect of loan losses changes on cash and cash equivalents	901	-
Net change in cash and cash equivalents	9,527,836	(1,998,666)
Cash and cash equivalents, 1 January	18,545,858	19,866,217
Cash and cash equivalents, 31 March	28,073,694	17,867,551

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(thousands of Ukrainian hryvnia, unless otherwise stated)

1. Principal activities

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

As at 31 March 2019 and 31 December 2018, 100% of Ukreximbank shares were owned by the Cabinet Ministers of Ukraine on behalf of the State of Ukraine.

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

Traditionally, the main focus of Ukreximbank operations is servicing of export-import transactions. Currently Ukreximbank customer base is diversified and includes a number of large industrial and state-owned enterprises. Ukreximbank accepts deposits from individuals and legal entities and extends loans, transfers payments in Ukraine and internationally, exchanges currencies, invests funds and provides cash and settlement services and other banking services to its customers.

One of the main Ukreximbank 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 Statute) is to create favourable conditions for economic development and support domestic producers, export and import operations, credit and financial support of restructuring processes, strengthening and implementation of industrial and trade potential of industries and manufacturers that are export-oriented or carry out activities related to the production of import-substituting products, and also gains received in the interests of the Bank and its shareholder.

Ukreximbank prepares the separate interim condensed annual financial statements and interim condensed consolidated financial statements that comprise consolidated performance indicators of Ukreximbank and its subsidiaries Lease Company Ukreximleasing and Eximleasing Ltd (together referred to as the Bank).

Lease Company Ukreximleasing, a 100% owned subsidiary was founded in 1997 and registered in Ukraine, and operates in the trading and leasing business.

Eximleasing Ltd, a 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 significant principles of the accounting policies

Basis of preparation of financial statements

These interim condensed consolidated financial statements for three months ended 31 March 2019 have been prepared in accordance with IFRS 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 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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

Notes on pages 7-33 constitute an integral part hereof

(thousands of Ukrainian hryvnia, unless otherwise stated)

Operating environment

The Ukrainian economy is open and deemed to be of market status with certain characteristics of an economy in transition, and it has critical dependence on world commodity prices and low levels of liquidity in the capital markets. Under such circumstances, high risks uncommon for mature markets are inherent to the banking business in Ukraine.

Recovery and further growth of the Ukrainian economy depends on foreign market conditions, reach of the international financial aid, coordinated policy and decisions of the Verkhovna Rada, Government, NBU and Presidential Administration regarding the necessary social and economic reforms, preservation of social and political stability and development of the situation in the east of the country.

In the first quarter of 2019, the price dynamics for the main goods exported by Ukraine was quite volatile. In particular, world prices for grain and mining products experienced a tangible correction in March after a prolonged moderate growth at the beginning of the year. However, in general, foreign trade conditions for Ukrainian goods were rather favourable in the first quarter of this year. Significant volumes of products supplied by the agribusiness have led to an increase in exports of goods and services.

Continued high investment and consumer demand has led to the preservation of high growth of imports of goods and services.

The external trade deficit was compensated by the inflow of foreign currency to the financial account, including through private transfers from abroad, issuance of 10-year Eurobonds and the receipt of a loan from Deutsche Bank under the World Bank guarantee, which contributed to maintaining the exchange rate stability and the NBU international reserves preservation. In particular, as of March 31, 2019, the official exchange rate of the national currency was equal to UAH 27.25 per USD1 (as of December 31, 2018: 27.69). According to the NBU preliminary assessment, the international reserves as of April 1, 2019 amounted to USD 20.6 billion (as at 31 December 2018: USD 20.8 billion).

The further growth of domestic demand supported by nominal salary increase (including at the expense of a subsequent recalculation of pensions) and international trade enhancement facilitated an upward development of some economic activities. In particular, according to the State Statistics Service of Ukraine, during January and February of the current year the construction production in Ukraine grew by 16.8%, agricultural production increased by 3.2%, retail turnover grew by 6.8%, cargo turnover in transport by 2.9%. At the same time, the industrial production index fell by -2.5%.

In the first quarter of this year, the inflation dynamics continued to slow down due to the tight monetary policy by the National Bank. In its turn, maintaining a stable exchange rate affected the prices of imported goods and goods with a significant import component. Against the background of a gradual decline in fundamental inflationary pressure, according to the State Statistics Service of Ukraine, the growth rate of the consumer price index in January-March of the current year slumped to 2.4% (until December 2018).

The maintenance of high values of non-performing loans and high leverage of enterprises and respective high credit risks determined low corporate lending activity of banks in Ukraine. At the same time, available liquidity was mainly channelled by banking institutions into the low-risk instruments, in particular, government securities and high-yielding consumer lending. Limited households' solvency as well as liquidity and efficiency of enterprises are having negative impact on borrowers' ability to serve their debts towards the Bank.

The low savings level, aggravation of competition with other banks and the preservation of low / speculative credit ratings severely limit the Bank's ability to borrow funds in the domestic and foreign capital markets.

The need to make significant debt repayment in 2019-2020, remaining high uncertainty in the possible development of social and political situation in Ukraine, deteriorating foreign trade conditions and overall macroeconomic situation can have a negative impact on the financial position and performance of the Bank. Upon receipt of such information, the Bank promptly reviews its future cash flows estimation and takes the necessary measures to maintain the stability of its operations.

(thousands of Ukrainian hryvnia, unless otherwise stated)

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 consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new Standards below effective as of 1 January 2019. The nature and the effect of these changes are disclosed below. The Bank has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases

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

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

Lessees are also required to re-measure their lease liability upon the occurrence of certain events (e.g., a change in lease term, a change in future lease payments resulting from a change in an index or rate used to determine such payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from accounting under IAS 17. Lessors continue to classify the lease using the same classification principles as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The Bank has adopted IFRS 16 retrospectively with the cumulative effect of initially applying IFRS 16 recognised at the date of initial application. The Bank has applied the standard to the agreements previously recognised as leases applying IAS 17 and IFRIC 4. The Bank did not apply the standard to the agreements that were not previously identified as leases applying IAS 17 and IFRIC 4.

The Bank has made use of the exemptions proposed by IFRS 16 for lease agreements, for which the terms of the lease expire within 12 months as of the date of initial application, as well as lease agreements, for which the underlying asset is of low value.

The Bank's adoption of IFRS 16 did not have a material effect on the Bank's financial position and performance.

3. Segment information

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

Retail banking	Business Unit focussing on servicing retail customers on the full list of products, and selling products that are mainly in standardized form (as per the tariffs approved and the standard procedures) and generally do not require individual approach.
Corporate banking	Business Unit focussing on corporate customers selling products that require individual approach and are mainly offered to corporate customers.
Inter-bank and investments business	Business Unit focussing on the provision of services to participants in the financial markets (money, currency, stock, etc.) and the sale of products related to transactions on the financial markets.

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Joint Stock Company Notes to interim condensed consolidated financial statements
The State Export-Import Bank of Ukraine for three months ended 31 March 2019

(thousands of Ukrainian hryvnia, unless otherwise stated)

Net loss from investment securities at fair value through other comprehensive income, reclassified from statement of total redemption income	-	-	-	(278)	(278)
Personnel expenses	(131,875)	(98,396)	(21,850)	(55,806)	(307,927)
Depreciation and amortization	(15,361)	(7,928)	(1,005)	(2,316)	(26,610)
Other operating expenses	(118,909)	(33,650)	(6,487)	(22,540)	(181,586)
Expenses from other segments	(99,442)	(1,623,504)	(910,969)	2,633,915	-
Segment results	63,974	271,108	222,381	(161,214)	396,249
Income tax expenses					(18)
Profit for the period					396,231
Assets and liabilities as at 31 March 2019					
Segment assets	5,182,884	69,009,354	85,977,200		160,169,438
Unallocated assets				2,378,812	2,378,812
Total assets					162,548,250
Segment liabilities	36,941,646	47,636,096	69,125,795		153,703,537
Unallocated liabilities				115,117	115,117
Total liabilities					153,818,654
Other segment information					
Capital expenditure	(7,949)	(3,110)	(395)	(909)	(12,363)

The following table presents income and expenses, profit and loss information for three months ended 31 March 2018 (unaudited), and certain assets and liabilities information regarding the Bank's operating segments as at 31 December 2018:

	<i>Retail banking</i>	<i>Corporate banking</i>	<i>Interbank and investments</i>	<i>Unallocated</i>	<i>Total</i>
External					
Interest income	101,919	1,583,982	1,153,632	-	2,839,533
Commission income	125,016	99,419	6,550	-	230,985
Other income	5,843	16,575	61	3,703	26,182
Net gains from modification of financial assets at amortised cost	-	111,564	-	-	111,564
Net gains from impairment of financial assets	-	-	15,496	-	15,496
Net gains from impairment of credit-related commitments	2,224	-	59	-	2,283
Net gains from operations with foreign currencies	30,273	43,145	-	1,679,100	1,752,518
Net gains from operations with precious metals	217	1	-	-	218
Income from other segments	606,354	680,070	1,394,952	(2,681,376)	-
Total income	871,846	2,534,756	2,570,750	(998,573)	4,978,779
Interest expenses	(409,294)	(525,966)	(1,314,968)	-	(2,250,228)
Commission expenses	(45,773)	(36,921)	(909)	(46)	(83,649)
Net loss from modification of financial assets at amortised cost	(21)	-	-	-	(21)
Net loss from impairment of financial assets	(23,909)	(242,329)	-	(3,739)	(269,977)
Net loss from impairment of credit-related commitments	-	(10,301)	-	-	(10,301)
Net loss from investment securities at fair value through profit or loss	-	-	(1,604,914)	-	(1,604,914)
Net loss from investment securities at fair value through other	-	-	-	(41,630)	(41,630)

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Joint Stock Company Notes to interim condensed consolidated financial statements
 The State Export-Import Bank of Ukraine for three months ended 31 March 2019

(thousands of Ukrainian hryvnia, unless otherwise stated)

	<i>Retail banking</i>	<i>Corporate banking</i>	<i>Interbank and investments</i>	<i>Unallocated</i>	<i>Total</i>
comprehensive income, reclassified from statement of total redemption income					
Net loss from operations with foreign currencies	-	-	(25,176)	-	(25,176)
Net loss from operations with precious metals	-	-	(583)	(13)	(596)
Personnel expenses	(126,360)	(86,202)	(18,949)	(35,934)	(267,445)
Depreciation and amortization	(14,828)	(7,455)	(1,029)	(2,079)	(25,391)
Other operating expenses	(109,946)	(38,081)	(8,223)	(15,559)	(171,809)
Expenses from other segments	(80,316)	(1,295,915)	(987,218)	2,363,449	-
Segment results	61,399	291,586	(1,391,219)	1,265,876	227,642
Income tax expenses					(3)
Profit for the period					227,639
Assets and liabilities as at 31 December 2018					
Segment assets	5,326,389	73,785,888	80,141,547		159,253,824
Unallocated assets				2,389,649	2,389,649
Total assets					161,643,473
Segment liabilities	36,498,494	46,129,782	70,354,835		152,983,111
Unallocated liabilities				208,769	208,769
Total liabilities					153,191,880
Other segment information					
Capital expenditure	(6,259)	(3,131)	(432)	(875)	(10,697)

Geographical information

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

4. Cash and cash equivalents

Cash and cash equivalents comprise:

	<i>31 March 2019 (unaudited)</i>	<i>31 December 2018</i>
Time deposits with other credit institutions up to 90 days	10,740,301	3,906,258
Current accounts with other credit institutions	9,593,179	8,792,208
Current account with the National Bank of Ukraine	5,693,033	2,952,279
Cash on hand	1,389,117	1,159,416
Deposit certificates of the National Bank of Ukraine up to 90 days	602,956	-
Overnight deposits with other credit institutions	59,548	1,741,038
	28,078,134	18,551,199
Less: allowance for impairment	(4,440)	(5,341)
Cash and cash equivalents	28,073,694	18,545,858

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**For three months
ended 31 March 2018
(unaudited)**

	Stage 1 Collective	Stage 2 Collective	Stage 2 Individual	Stage 3 Collective	Stage 3 Individual	Other	Total
Cash and cash equivalents	-	-	-	-	-	-	-
Amounts due from credit institutions	(6,860)	-	-	-	-	-	(6,860)
Loans to customers	18,237	17,340	(540)	(126,515)	357,812	-	266,334
Investment securities at fair value through other comprehensive income	(338)	-	-	-	-	-	(338)
Other financial assets	(4,656)	-	-	-	-	-	(4,656)
Other non-financial assets	-	-	-	-	-	3,165	3,165
Guarantees	816	-	-	-	-	-	816
Loan commitments	4,390	(202)	-	(49)	-	-	4,139
Letters of credit	3,059	-	-	-	-	-	3,059
Avals on promissory notes	4	-	-	-	-	-	4
	14,652	17,138	(540)	(126,564)	357,812	3,165	265,663

7. Due from credit institutions

Amounts due from credit institutions comprise:

	31 March 2019 (unaudited)	31 December 2018
Loans and deposits		
Ukrainian banks	810,023	811,659
OECD banks	199,759	202,981
CIS and other banks	61,342	58,732
	1,071,124	1,073,372
Due from other credit institutions		
Current accounts with other credit institutions in precious metals	9,531	131,701
Other amounts due from credit institutions	74,708	210,689
	1,155,363	1,415,762
Less: allowance for impairment	(840,887)	(845,872)
Due from credit institutions	314,476	569,890

As at 31 March 2019 the amounts due from credit institutions are measured at amortised cost (31 December 2018: at amortised cost), excluding current accounts in precious metals in the amount of UAH 9,531 thousand (31 December 2018: UAH 131,701 thousand), measured at fair value through profit and loss (31 December 2018: at fair value through profit and loss).

The following tables show an analysis of changes in gross carrying amount and respective provisions on amounts due from credit institutions:

	Stage 1	Stage 3	Total
Gross carrying amount as at 1 January 2019	585,521	830,241	1,415,762
New assets originated or purchased	90,242	-	90,242
Assets derecognised/(repaid)	(223,717)	-	(223,717)
Changes in carrying amount	(123,163)	-	(123,163)
Translation differences	(3,014)	(747)	(3,761)
Gross carrying amount as at 31 March 2019 (unaudited)	325,869	829,494	1,155,363

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	<i>Stage 1</i>	<i>Stage 3</i>	<i>Total</i>
Gross carrying amount as at 1 January under IFRS 9	618,137	968,135	1,586,272
New assets originated or purchased	82,717	-	82,717
Assets derecognised /(repaid)	(38,494)	(18)	(38,512)
Changes in carrying amount	76,651	(723)	75,928
Translation differences	(31,803)	(2,569)	(34,372)
Gross carrying amount as at 31 March 2018 (unaudited)	707,208	964,825	1,672,033

	<i>Stage 1</i>	<i>Stage 3</i>	<i>Total</i>
Provisions as at 1 January 2019	15,631	830,241	845,872
New assets originated or purchased	2,642	-	2,642
Assets derecognised /(repaid) assets	(6,711)	-	(6,711)
Changes in provisions	(16)	-	(16)
Translation differences	(153)	(747)	(900)
Provisions as at 31 March 2019 (unaudited)	11,393	829,494	840,887

	<i>Stage 1</i>	<i>Stage 3</i>	<i>Total</i>
Provisions as at 1 January 2018 under IFRS 9	36,933	884,731	921,664
New assets originated or purchased	4,651	-	4,651
Assets derecognised /(repaid)	(6,952)	-	(6,952)
Changes in provisions	(3,835)	(724)	(4,559)
Translation differences	(1,576)	(2,567)	(4,143)
Provisions as at 31 March 2018 (unaudited)	29,221	881,440	910,661

8. Loans to customers

Loans to customers comprise:

	<i>31 March 2019 (unaudited)</i>	<i>31 December 2018</i>
Commercial loans	130,097,860	134,331,150
Finance lease receivables	2,646,275	1,360,897
Overdrafts	1,280,729	1,457,972
Promissory notes	75,879	74,717
	134,100,743	137,224,736
Less: allowance for impairment	(64,667,914)	(64,728,378)
Loans to customers	69,432,829	72,496,358

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

	<i>31 March 2019 (unaudited)</i>	<i>31 December 2018</i>
Legal entities	103,879,652	103,567,422
State entities	28,162,832	31,594,636
Individuals	1,969,198	1,973,096
Municipal and utility entities	89,061	89,582
	134,100,743	137,224,736

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Commercial loans

The following tables show an analysis of changes in gross carrying amount and respective provisions under commercial loans:

	<i>Stage 1 Collective</i>	<i>Stage 2 Individual</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>	<i>POCI</i>	<i>Total</i>
Gross carrying amount as at 1 January 2019	51,764,581	2,371,484	568,180	71,369,112	6,549,919	1,707,874	134,331,150
New assets originated or purchased	2,537,850	-	(1)	-	-	-	2,537,849
Assets derecognised (repaid)	(650,886)	-	(6,527)	(9,624)	(11,556)	-	(678,593)
Transfer to Stage 1	1,219	-	(1,197)	-	(22)	-	-
Transfer to Stage 2	(180,772)	276,336	180,772	(276,336)	-	-	-
Transfer to Stage 3	(81,395)	-	(55,633)	80,935	56,093	-	-
Changes in carrying amount	(4,909,075)	(36,684)	(21,032)	838,982	80,503	(23,254)	(4,070,560)
Translation differences	(830,111)	(33,178)	(10,390)	(1,061,680)	(63,092)	(23,535)	(2,021,986)
Gross carrying amount as at 31 March 2019 (unaudited)	47,651,411	2,577,958	654,172	70,941,389	6,611,845	1,661,085	130,097,860
	<i>Stage 1 Collective</i>	<i>Stage 2 Individual</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>		<i>Total</i>
Gross carrying amount as at 1 January 2018 under IFRS 9	46,505,346	-	503,037	74,212,985	6,846,200		128,067,568
New originated or purchased assets	2,607,024	-	-	-	-	-	2,607,024
Derecognised (repaid) assets	(1,423,612)	-	(77,398)	(3,626)	(87,115)	-	(1,591,751)
Transfer to Stage 1	3,535	-	(1,256)	-	(2,279)	-	-
Transfer to Stage 2	(446,671)	372,035	74,636	-	-	-	-
Transfer to Stage 3	(4,682)	-	(13,854)	-	18,536	-	-
Changes in carrying amount	(779,856)	1,145	(24,589)	1,186,260	814	-	383,774
Translation differences	(1,815,876)	-	(13,059)	(2,835,520)	(185,436)	-	(4,849,891)
Gross carrying amount as at 31 March 2018 (unaudited)	44,645,208	373,180	447,517	72,560,099	6,590,720		124,616,724
	<i>Stage 1 Collective</i>	<i>Stage 2 Individual</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>		<i>Total</i>
Provisions as at 1 January 2019	999,187	198,347	91,661	57,110,096	6,258,715		64,658,006
New assets originated or purchased	59,111	-	-	-	-	-	59,111
Assets derecognised (repaid)	(9,909)	-	(952)	(505)	(7,970)	-	(19,336)
Transfer to Stage 1	98	-	(77)	-	(21)	-	-
Transfer to Stage 2	(5,993)	21,180	5,993	(21,180)	-	-	-
Transfer to Stage 3	(4,055)	-	(11,225)	3,968	11,312	-	-
Interest income adjustment	-	-	-	608,640	67,818	-	676,458
Recoveries	-	-	-	30,212	3,374	-	33,586
Changes in provisions	(94,635)	(57,294)	3,080	254,632	34,046	-	139,829
Translation differences	(20,144)	(2,295)	(2,119)	(889,799)	(61,504)	-	(975,861)
Provisions as at 31 March 2019 (unaudited)	923,660	159,938	86,361	57,096,064	6,305,770		64,571,793
	<i>Stage 1 Collective</i>	<i>Stage 2 Individual</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>		<i>Total</i>
Provisions as at 1 January 2018 under IFRS 9	1,043,848	-	39,958	58,421,343	6,329,729		65,834,878
New assets originated or purchased	71,103	-	-	-	-	-	71,103
Assets derecognised (repaid)	(24,598)	-	(1,158)	(2,217)	(48,403)	-	(76,376)
Transfer to Stage 1	1,643	-	(11)	-	(1,632)	-	-
Transfer to Stage 2	(14,037)	11,719	2,318	-	-	-	-
Transfer to Stage 3	(2,914)	-	(3,789)	-	6,703	-	-
Interest income adjustment	-	-	-	739,291	81,455	-	820,746
Recoveries	-	-	-	2,473	272	-	2,745
Changes in provisions	(34,082)	(540)	18,592	360,029	(78,108)	-	265,891
Translation differences	(32,620)	-	(1,454)	(2,148,380)	(44,262)	-	(2,226,716)
Provisions as at 31 March 2018 (unaudited)	1,008,343	11,179	54,456	57,372,539	6,245,754		64,692,271

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Overdrafts

The following tables show an analysis of changes in gross carrying amount and respective provisions under overdrafts:

	<i>Stage 1 Collective</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>	<i>Total</i>
Gross carrying amount as at 1 January 2019	1,384,401	12,278	60,969	324	1,457,972
New assets originated or purchased	242,734	-	-	-	242,734
Assets derecognised (repaid)	(334,405)	(12,524)	-	(2)	(346,931)
Transfer to Stage 2	(25,180)	25,180	-	-	-
Changes in carrying amount	(64,092)	(4,035)	(3,182)	88	(71,221)
Translation differences	(1,825)	-	-	-	(1,825)
Gross carrying amount as at 31 March 2019 (unaudited)	1,201,633	20,899	57,787	410	1,280,729
	<i>Stage 1 Collective</i>	<i>Stage 2 Individual</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Collective</i>	<i>Total</i>
Gross carrying amount as at 1 January 2018 under IFRS 9	708,479	-	1,107	19	709,605
New assets originated or purchased	333,091	-	-	-	333,091
Assets derecognised (repaid)	(134,502)	-	(1,107)	-	(135,609)
Transfer to Stage 2	(44,999)	39,708	5,291	-	-
Changes in carrying amount	63,115	-	(5,280)	(5)	57,830
Gross carrying amount as at 31 March 2018 (unaudited)	925,184	39,708	11	14	964,917
	<i>Stage 1 Collective</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>	<i>Total</i>
Provisions as at 1 January 2019	31,442	458	2,817	249	34,966
New assets originated or purchased	7,418	-	-	-	7,418
Assets derecognised (repaid)	(8,942)	(1,461)	-	(1)	(10,404)
Transfer to Stage 2	(951)	951	-	-	-
Changes in provisions	(2,599)	948	2,092	65	506
Translation differences	(74)	-	-	-	(74)
Provisions as at 31 March 2019 (unaudited)	26,294	896	4,909	313	32,412
	<i>Stage 1 Collective</i>	<i>Stage 2 Individual</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Collective</i>	<i>Total</i>
Provisions as at 1 January 2018 under IFRS 9	23,632	-	68	15	23,715
New assets originated or purchased	9,516	-	-	-	9,516
Assets derecognised (repaid)	(3,296)	-	(68)	-	(3,364)
Transfer to Stage 2	(1,599)	1,569	30	-	-
Changes in provisions	627	-	(26)	(4)	597
Provisions as at 31 March 2018 (unaudited)	28,880	1,569	4	11	30,464

Financial lease receivables

The following tables show an analysis of changes in gross carrying amount and respective provisions under financial lease receivables:

	<i>Stage 1 Collective</i>	<i>Stage 3 Individual</i>	<i>Total</i>
Gross carrying amount as at 1 January 2019	1,356,252	4,645	1,360,897
Changes in carrying amount	1,285,378	-	1,285,378
Gross carrying amount as at 31 March 2019 (unaudited)	2,641,630	4,645	2,646,275

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	<i>Stage 1 Collective</i>	<i>Stage 3 Individual</i>	<i>Total</i>
Gross carrying amount as at 1 January 2018 under IFRS 9	62,654	4,645	67,299
New assets originated or purchased	2,291	-	2,291
Assets derecognised (repaid)	(51,307)	-	(51,307)
Changes in carrying amount	(1,278)	-	(1,278)
Gross carrying amount as at 31 March 2018 (unaudited)	12,360	4,645	17,005

	<i>Stage 1 Collective</i>	<i>Stage 3 Individual</i>	<i>Total</i>
Provisions as at 1 January 2019	29,798	4,645	34,443
Changes in provisions	28,302	-	28,302
Provisions as at 31 March 2019 (unaudited)	58,100	4,645	62,745

	<i>Stage 1 Collective</i>	<i>Stage 3 Individual</i>	<i>Total</i>
Provisions as at 1 January 2018 under IFRS 9	1,243	4,645	5,888
New assets originated or purchased	14	-	14
Assets derecognised (repaid)	(938)	-	(938)
Changes in provisions	(76)	-	(76)
Provisions as at 31 March 2018 (unaudited)	243	4,645	4,888

Promissory notes

The following tables show an analysis of changes in gross carrying amount and respective provisions under promissory notes:

	<i>Stage 1 Collective</i>
Gross carrying amount as at 1 January 2019	74,717
New assets originated or purchased	77,634
Assets derecognised (repaid)	(78,709)
Changes in carrying amount	2,237
Gross carrying amount as at 31 March 2019 (unaudited)	75,879

	<i>Stage 1 Collective</i>
Gross carrying amount as at 1 January 2018 under IFRS 9	52,614
New assets originated or purchased	49,057
Assets derecognised (repaid)	(45,171)
Changes in carrying amount	283
Gross carrying amount as at 31 March 2018 (unaudited)	56,783

	<i>Stage 1 Collective</i>
Provisions as at 1 January 2019	963
New originated or purchased assets	966
Assets derecognised (repaid)	(1,002)
Changes in provisions	37
Provisions as at 31 March 2019 (unaudited)	964

	<i>Stage 1 Collective</i>
Gross carrying amount as at 1 January 2018 under IFRS 9	767
New assets originated or purchased	611
Assets derecognised (repaid)	(646)
Changes in carrying amount	2
Gross carrying amount as at 31 March 2018 (unaudited)	734

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

	<i>Stage 1 Collective</i>
Gross carrying amount as at 1 January 2019	447,894
New assets originated or purchased	13,545
Assets derecognized/(repaid)	(13,297)
Changes in carrying amount	(28,456)
Amounts written-off	(121)
Translation differences	(1,066)
Gross carrying amount as at 31 March 2019 (unaudited)	418,499

	<i>Stage 1 Collective</i>
Gross carrying amount as at 1 January 2018 under IFRS 9	553,780
New assets originated or purchased	54,383
Assets derecognized/(repaid)	(7,982)
Changes in carrying amount	(1,770)
Translation differences	(1,824)
Gross carrying amount as at 31 March 2018 (unaudited)	596,587

	<i>Stage 1 Collective</i>
Allowance as at 1 January 2019	389,595
New assets originated or purchased	2,156
Assets derecognized/(repaid)	(2,302)
Changes in allowance	3,004
Amounts written-off	(121)
Translation differences	(1,056)
Allowance as at 31 March 2019 (unaudited)	391,276

	<i>Stage 1 Collective</i>
Allowance as at 1 January 2018 under IFRS 9	466,342
New assets originated or purchased	1,517
Assets derecognized/(repaid)	(723)
Changes in allowance	(5,450)
Translation differences	(3,882)
Allowance as at 31 March 2018 (unaudited)	457,804

The following tables show an analysis of expected loan losses under other non-financial assets:

Allowance as at 1 January 2019	82,233
Charge/(reversal)	8,203
Translation differences	(565)
Allowance as at 31 March 2019 (unaudited)	89,871

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Allowance as at 1 January 2018 under IFRS 9	73,005
Charge/(reversal)	3,165
Translation differences	678
Allowance as at 31 March 2018	76,848
<i>(unaudited)</i>	<u><u>76,848</u></u>

11. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	<i>31 March 2019</i>	<i>31 December 2018</i>
	<i>(unaudited)</i>	
Current accounts		
Ukrainian Banks	872,857	1,611,668
CIS and other banks	335	474
	<u>873,192</u>	<u>1,612,142</u>
Loans and deposits		
International financial institutions	22,822,089	22,475,335
Ukrainian Banks	89,457	87,273
OECD banks	149,710	231,162
	<u>23,061,256</u>	<u>22,793,770</u>
Other amounts due to credit institutions	-	1
Amounts due to credit institutions	<u><u>23,934,448</u></u>	<u><u>24,405,913</u></u>

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

12. Amounts due to customers

Amounts due to customers comprise:

	<i>31 March 2019</i>	<i>31 December 2018</i>
	<i>(unaudited)</i>	
Current accounts		
- Legal entities	19,330,791	18,106,953
- Budget financed organizations	5,751,685	6,592,570
- Individuals	3,956,555	4,110,000
- Funds under the Bank's management	1	1
	<u>29,039,032</u>	<u>28,809,524</u>
Time deposits		
- Legal entities	30,230,779	31,235,635
- Individuals	22,773,747	22,117,965
- Budget financed organizations	2,051,353	-
	<u>55,055,879</u>	<u>53,353,600</u>
Amounts due to customers	<u><u>84,094,911</u></u>	<u><u>82,163,124</u></u>
Held as security against letters of credit (Note 15)	2,386,737	1,020,095
Held as security against loans to customers	1,012,624	1,152,540
Held as security against guarantees and avals (Note 15)	744,642	899,741
Held as security against undrawn loan commitments (Note 15)	4,633	12,800

As at 31 March 2019 the amounts due to customers are measured at amortised cost (31 December 2018: at amortised cost), except for raised deposits and current accounts in gold in the amount of UAH 66,514 thousand (31 December 2018: UAH 66,045 thousand), which are measured at fair value through profit or loss (31 December 2018: at fair value through profit or loss).

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13. Eurobonds issued

	<i>31 March 2019 (unaudited)</i>			<i>31 December 2018</i>		
	<i>Nominal value (‘000)</i>	<i>Currency</i>	<i>Carrying amount</i>	<i>Nominal value (‘000)</i>	<i>Currency</i>	<i>Carrying amount</i>
April 2010 issue	500,000	USD	14,150,016	500,000	USD	14,044,589
October 2010 issue	250,000	USD	7,075,008	250,000	USD	7,022,294
January 2013 issue	500,000	USD	13,796,084	500,000	USD	14,355,526
April 2013 issue	100,000	USD	2,759,217	100,000	USD	2,871,105
March 2018 issue	4,051,000	UAH	4,082,114	4,051,000	UAH	4,248,391
Eurobonds issued			41,862,439			42,541,905

14. Equity

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

Movements in revaluation reserves

Movements in revaluation reserves were as follows:

	<i>Property revaluation reserves</i>	<i>Unrealised gains/ (losses) on investment securities at fair value through other comprehensive incomes</i>	<i>Revaluation reserves</i>
As at 31 December 2017	724,063	(441,112)	282,951
Effect of application of IFRS 9	-	(71,167)	(71,167)
Opening balance restated under IFRS 9	724,063	(512,279)	211,784
Depreciation of revaluation reserve, net of tax	(3,323)	-	(3,323)
Net loss on investment securities at fair value through other comprehensive income reclassified to the consolidated statement of profit and loss (consolidated income statement)	-	41,630	41,630
Net unrealised losses on investment securities at fair value through other comprehensive income	-	(822,967)	(822,967)
Income tax related to components of other comprehensive income	-	-	-
As at 31 March 2018 (unaudited)	720,740	(1,293,616)	(572,876)
As at 31 December 2018	710,805	(1,527,211)	(816,406)
Depreciation of revaluation reserve, net of tax	(3,309)	-	(3,309)
Other net losses which will be reclassified to consolidated statement of profit and loss in future periods			
<i>Net losses on investment securities at fair value through other comprehensive income including:</i>	-	(118,228)	(118,228)
Movements in allowance for impairment of investment debt securities at fair value through other comprehensive income	-	276	276
Net realised losses on investment securities at fair value through other comprehensive income reclassified to the consolidated statement of profit and loss (consolidated statement of income)	-	278	278

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	<i>Stage 1 Collective</i>	<i>Stage 2 Individual</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Collective</i>	<i>Total</i>
Credit-related commitments as at 1 January 2018 under IFRS 9	3,415,214	-	18,805	397	3,434,416
New created or purchased credit related commitments	2,721,014	-	-	-	2,721,014
Commitments derecognised (repaid)	(753,072)	-	(15,123)	(63)	(768,258)
Transfer to Stage 1	3,430	-	(3,430)	-	-
Transfer to Stage 2	(83,826)	542	83,284	-	-
Transfer to Stage 3	(421)	-	(68)	489	-
Changes in commitments	(428,354)	-	2,645	(107)	(425,816)
Translation differences	(25,274)	-	-	-	(25,274)
Credit-related commitments as at 31 March 2018 (unaudited)	4,848,711	542	86,113	716	4,936,082
	<i>Stage 1 Collective</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Individual</i>	<i>Stage 3 Collective</i>	<i>Total</i>
Provision of credit-related commitments as at 1 January 2019	61,657	91	3,981	2,956	68,685
New commitments originated or purchased	36,373	-	-	-	36,373
Commitments derecognised (repaid)	(29,362)	(75)	-	(126)	(29,563)
Transfer to Stage 1	171	(10)	-	(161)	-
Transfer to Stage 2	(57)	57	-	-	-
Transfer to Stage 3	(130)	(24)	87	67	-
Changes in allowance	(24,955)	113	(2,618)	(40)	(27,500)
Translation differences	(1,315)	-	-	-	(1,315)
Provision of credit-related commitments as at 31 March 2019 (unaudited)	42,382	152	1,450	2,696	46,680
	<i>Stage 1 Collective</i>	<i>Stage 2 Collective</i>	<i>Stage 3 Collective</i>	<i>Total</i>	
Provision of credit-related commitments as at 1 January 2018 under IFRS 9	44,067	408	233	44,708	
New commitments originated or purchased	31,199	-	-	31,199	
Commitments derecognised (repaid)	(9,599)	(293)	(28)	(9,920)	
Transfer to Stage 1	31	(31)	-	-	
Transfer to Stage 2	(58)	58	-	-	
Transfer to Stage 3	(227)	(23)	250	-	
Changes in allowance	(17,210)	91	(21)	(17,140)	
Translation differences	(615)	-	(17)	(632)	
Provision of credit-related commitments as at 31 March 2018 (unaudited)	47,588	210	417	48,215	

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16. Personnel expenses and other operating expenses

Personnel expenses and other operating expenses comprise:

	<i>2019</i>		<i>2018</i>	
	<i>For three months ended 31 March</i>	<i>Accruals from the beginning of the reporting year (unaudited)</i>	<i>For three months ended 31 March</i>	<i>Accruals from the beginning of the reporting year</i>
Salaries and bonuses	258,494	258,494	215,283	215,283
Mandatory payments to state funds	49,433	49,433	52,162	52,162
Personnel expenses	307,927	307,927	267,445	267,445
Payables to the Individual Deposit Guarantee Fund	64,277	64,277	60,162	60,162
Repair and maintenance of fixed assets	32,671	32,671	27,289	27,289
Security	14,158	14,158	12,008	12,008
Maintenance of premises	12,869	12,869	13,057	13,057
Operating taxes	9,030	9,030	12,536	12,536
Net losses on impairment of non-financial assets	8,203	8,203	3,165	3,165
Electronic data processing expenses	7,435	7,435	6,830	6,830
Household expenses	5,530	5,530	6,316	6,316
Rent of premises	5,324	5,324	5,361	5,361
Expenses for cash collection	5,080	5,080	5,212	5,212
Communication services	3,757	3,757	3,384	3,384
Business travel and related expenses	1,302	1,302	1,123	1,123
Legal and advisory services	1,110	1,110	5,005	5,005
Marketing and advertisement	813	813	190	190
Charity	753	753	-	-
Representative offices expenses	742	742	841	841
Losses on initial recognition of financial instruments	-	-	1,776	1,776
Other	8,532	8,532	7,554	7,554
Other operating expenses	181,586	181,586	171,809	171,809

Expenses for payments to the non-state pension fund for the period ended 31 March 2019 amounted to UAH 5,569 thousand (31 March 2018: UAH 4,621 thousand).

17. Fair value of assets and liabilities

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

Set out below is a comparison by class of the carrying values and fair values of the Bank's financial instruments that are not measured 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.

	<i>31 March 2019 (unaudited)</i>			<i>31 December 2018</i>		
	<i>Carrying value</i>	<i>Fair value</i>	<i>Unrecognized gain / (loss)</i>	<i>Carrying value</i>	<i>Fair value</i>	<i>Unrecognized gain / (loss)</i>
Financial assets						
Cash and cash equivalents	28,073,694	28,073,694	-	18,545,858	18,545,858	-
Amounts due from other banks	304,946	304,946	-	438,205	438,205	-
Loans to customers	69,432,829	66,600,276	(2,832,553)	72,496,358	69,630,486	(2,865,872)
Securities at amortized cost	24,318	23,812	(506)	49,855	49,104	(751)
Other assets	194,894	194,894	-	227,301	227,301	-

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

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

During three months ended 31 March 2019, the Bank did not transfer financial assets from one level of the fair value hierarchy to another level of the fair value hierarchy.

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

Movements in level 3 financial instruments measured at fair value

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

	As at 1 January 2019	Loss recognised in the interim condensed consolidated statement of comprehensive income	As at 31 March 2019 (unaudited)
Investment securities at a fair value through other comprehensive income	16,603	(238)	16,365
Total assets	16,603	(238)	16,365

	As at 1 January 2018	Profit recognised in the interim condensed consolidated statement of comprehensive income	As at 31 March 2018 (unaudited)
Investment securities at a fair value through other comprehensive income	15,097	795	15,892
Total assets	15,097	795	15,892

The following table shows the quantitative information as at 31 March 2019 about significant unobservable inputs used for the fair valuation of financial instruments classified as those of level 3 of the fair value hierarchy:

As at 31 March 2019 (unaudited)	Carrying value	Valuation technique	Unobservable parameter	Range of parameter values
Investment securities at a fair value through other comprehensive income	16,365	Discounted cash flows	Risk factor	Corporate: 0 – 1.0
As at 31 March 2018 (unaudited)	Carrying value	Valuation technique	Unobservable parameter	Range of parameter values
Investment securities at a fair value through other comprehensive income	15,892	Discounted cash flows	Expected profitability Risk factor	- Corporate: 0 – 1.0

18. Related party disclosures

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

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