

**Joint Stock Company**  
**“The State Export-Import Bank of Ukraine”**  
**Interim Condensed Consolidated Financial Statements**

*30 June 2012*

*Together with the Report on Review of Interim Condensed Consolidated Financial Statements*

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## REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### TO THE SHAREHOLDER AND THE BOARD OF DIRECTORS OF JOINT STOCK COMPANY "THE STATE EXPORT-IMPORT BANK OF UKRAINE"

#### *Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of Joint Stock Company "The State Export-Import Bank of Ukraine" and its subsidiaries (the "Bank") as at 30 June 2012, comprising the interim condensed consolidated statement of financial position as at 30 June 2012 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

#### *Scope of review*

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

*Ernst & Young Audit Services LLC*

13 September 2012

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

(Thousands of Ukrainian hryvnia)

	Notes	30 June 2012 (unaudited)	31 December 2011
<b>Assets</b>			
Cash and cash equivalents	4	7,331,309	10,051,840
Amounts due from credit institutions	5	1,744,675	1,852,863
Loans to customers	6	41,466,910	41,855,467
Investment securities:			
- designated at fair value through profit and loss	7	3,533,349	3,221,305
- available-for-sale	7	11,848,088	9,855,267
- held-to-maturity	7	1,441,983	1,372,342
Current income tax asset		874,673	528,500
Investment property	8	3,707,841	3,088,254
Property and equipment		2,227,738	2,232,340
Intangible assets		10,722	13,050
Deferred income tax assets		138,314	163,287
Other assets	9	450,425	290,772
<b>Total assets</b>		<b>74,776,027</b>	<b>74,525,287</b>
<b>Liabilities</b>			
Amounts due to the National Bank of Ukraine	10	6,290,502	6,197,074
Amounts due to credit institutions	11	7,084,066	7,664,410
Amounts due to customers	12	30,272,167	29,678,011
Eurobonds issued		10,451,485	10,438,526
Current income tax liabilities		3,630	2,673
Subordinated debt		3,102,353	3,101,995
Provisions		-	307
Other liabilities		259,827	184,027
<b>Total liabilities</b>		<b>57,464,030</b>	<b>57,267,023</b>
<b>Equity</b>			
Share capital	13	17,160,050	17,126,718
Revaluation reserve		912,454	919,600
Accumulated deficit		(760,507)	(788,054)
<b>Total equity</b>		<b>17,311,997</b>	<b>17,258,264</b>
<b>Total liabilities and equity</b>		<b>74,776,027</b>	<b>74,525,287</b>

Signed and authorised for release on behalf of the Management Board of the Bank

Mykola Udovychenko



Chairman of the Board

Natalia Potemskia



Chief Accountant

13 September 2012

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

### For the six-month period ended 30 June 2012

(Thousands of Ukrainian hryvnia)

	Notes	For the six-month period ended 30 June	
		2012	2011
		unaudited	
<b>Interest income</b>			
Loans to customers		2,863,369	2,899,039
Investment securities other than designated at fair value through profit or loss		537,726	541,358
Amounts due from credit institutions		212,835	73,730
Amounts due from the National Bank of Ukraine		6,770	21,754
		3,620,700	3,535,881
Investment securities designated at fair value through profit and loss		145,155	15,531
		<b>3,765,855</b>	<b>3,551,412</b>
<b>Interest expense</b>			
Amounts due to customers		(880,165)	(957,093)
Eurobonds issued		(456,349)	(570,212)
Amounts due to the National Bank of Ukraine		(249,978)	(261,022)
Amounts due to credit institutions		(195,025)	(193,426)
Subordinated debt		(162,724)	(162,303)
Other debt securities issued		-	(17,848)
		<b>(1,944,241)</b>	<b>(2,161,904)</b>
<b>Net interest income</b>		<b>1,821,614</b>	<b>1,389,508</b>
Loan impairment charge	5, 6	(1,553,731)	(1,210,667)
<b>Net interest income after loan impairment charge</b>		<b>267,883</b>	<b>178,841</b>
Fee and commission income		237,975	230,137
Fee and commission expense		(56,635)	(55,574)
<b>Net fees and commissions</b>		<b>181,340</b>	<b>174,563</b>
Net gains/(losses) from investment securities designated at fair value through profit and loss:			
- change in fair value		7,025	(38,907)
Net gains from available-for-sale investment securities:			
- dealing		65,303	36,211
- losses on impairment		(3,683)	(19,020)
Net gains from foreign currencies and precious metals:			
- dealing		141,678	140,507
- translation differences		16,666	37,758
Other income		42,897	17,983
<b>Non-interest income</b>		<b>269,886</b>	<b>174,532</b>
Personnel expenses		(411,552)	(307,798)
Depreciation and amortisation		(40,994)	(33,887)
(Charge) / Release of impairment of other assets and provisions		(14,411)	19,993
Other operating expenses		(137,575)	(113,572)
<b>Non-interest expense</b>		<b>(604,532)</b>	<b>(435,264)</b>
<b>Profit before income tax expense</b>		<b>114,577</b>	<b>92,672</b>
Income tax expense		(35,351)	(38,572)
<b>Profit for the period</b>		<b>79,226</b>	<b>54,100</b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**  
For the six-month period ended 30 June 2012

*(Thousands of Ukrainian hryvnia)*

	<i>For the six-month period ended 30 June</i>	
	<i>2012</i>	<i>2011</i>
	<i>unaudited</i>	
<b>Profit for the period</b>	<b>79,226</b>	<b>54,100</b>
<b>Other comprehensive income:</b>		
Net gains on investment securities available-for-sale	66,496	77,736
Net gains on investment securities available-for-sale reclassified to the income statement	(65,303)	(36,211)
Reversal of deferred income tax relating to tangible fixed asset revaluations consequent upon enactment of new Tax Code	-	134,677
Income tax relating to components of other comprehensive income	(250)	(9,258)
<b>Other comprehensive income for the period, net of tax</b>	<b>943</b>	<b>166,944</b>
<b>Total comprehensive income for the period</b>	<b>80,169</b>	<b>221,044</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2012

(Thousands of Ukrainian hryvnia)

	<i>Share capital</i>	<i>Revaluation reserve</i>	<i>Accumulated deficit</i>	<i>Total</i>
<b>1 January 2011</b>	<b>17,106,742</b>	<b>872,834</b>	<b>(908,417)</b>	<b>17,071,159</b>
Profit for the period	-	-	54,100	54,100
Other comprehensive income for the period	-	166,944	-	166,944
Total comprehensive income for the period	-	166,944	54,100	221,044
Depreciation of revaluation reserve, net of tax	-	(7,085)	7,085	-
Distribution of profit to the shareholder	-	-	(15,392)	(15,392)
Increase in share capital	19,976	-	(19,976)	-
<b>30 June 2011 (unaudited)</b>	<b>17,126,718</b>	<b>1,032,693</b>	<b>(882,600)</b>	<b>17,276,811</b>
<b>1 January 2012</b>	<b>17,126,718</b>	<b>919,600</b>	<b>(788,054)</b>	<b>17,258,264</b>
Profit for the period	-	-	79,226	79,226
Other comprehensive income for the period	-	943	-	943
Total comprehensive income for the period	-	943	79,226	80,169
Depreciation of revaluation reserve, net of tax	-	(8,089)	8,089	-
Distribution of profit to the shareholder (Note 13)	-	-	(26,436)	(26,436)
Increase in share capital (Note 13)	33,332	-	(33,332)	-
<b>30 June 2012 (unaudited)</b>	<b>17,160,050</b>	<b>912,454</b>	<b>(760,507)</b>	<b>17,311,997</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

### For the six-month period ended 30 June 2012

(Thousands of Ukrainian hryvnia)

	<i>For the six-month period ended</i>	
	<b>30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b>(unaudited)</b>	
<b>Cash flows from operating activities</b>		
Interest and commissions received	3,493,646	3,078,317
Interest and commissions paid	(1,910,709)	(1,978,403)
Gains less losses from dealing in foreign currencies and precious metals	141,678	140,507
Salaries and benefits	(400,911)	(291,255)
Other operating income received	23,182	17,071
Other operating and administrative expenses paid	(139,391)	(111,271)
<b>Cash flow from operating activities before changes in operating assets and liabilities</b>	<b>1,207,495</b>	<b>854,966</b>
<i>Net (increase)/decrease in operating assets:</i>		
Amount due from credit institutions	97,803	(2,420,188)
Deposit with the National Bank of Ukraine	14,223	(1,998)
Loans to customers	(1,284,243)	(139,898)
Other assets	(99,709)	(109,541)
<i>Net increase/(decrease) in operating liabilities:</i>		
Amounts due to credit institutions	(460,307)	(536,355)
Amounts due to the National Bank of Ukraine	52,592	(93,393)
Amounts due to customers	844,137	4,829,497
Other liabilities	67,952	97,667
<b>Net cash flows from operating activities before income tax</b>	<b>439,943</b>	<b>2,480,757</b>
Income tax paid	(355,844)	(12,078)
<b>Net cash flows from operating activities</b>	<b>84,099</b>	<b>2,468,679</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale and redemption of investment securities	19,007,231	9,184,824
Purchase of investment securities	(21,329,110)	(9,327,718)
Purchases of property, equipment and intangible assets	(34,067)	(14,339)
Proceeds from sale of property and equipment	256	151
Proceeds from sale of investment property	687	-
<b>Net cash used in investing activities</b>	<b>(2,355,003)</b>	<b>(157,082)</b>
<b>Cash flows from financing activities</b>		
Distribution of profit to the shareholder (Note 13)	(26,436)	(15,392)
Proceeds from Eurobonds issued	-	2,362,704
Proceeds from borrowings from credit institutions	1,022,734	371,334
Repayment of borrowings from credit institutions	(1,473,259)	(1,085,528)
<b>Net cash (used in) / from financing activities</b>	<b>(476,961)</b>	<b>1,633,118</b>
Effect of exchange rate changes on cash and cash equivalents	27,334	329,158
<b>Net change in cash and cash equivalents</b>	<b>(2,720,531)</b>	<b>4,273,873</b>
<b>Cash and cash equivalents, beginning of the period (Note 4)</b>	<b>10,051,840</b>	<b>10,779,310</b>
<b>Cash and cash equivalents, ending of the period (Note 4)</b>	<b>7,331,309</b>	<b>15,053,183</b>



## 1. Principal activities

The State Export-Import Bank of Ukraine (“EximBank”) was founded in 1992. It was registered at the National Bank of Ukraine (“the NBU”) on 23 January 1992 and on 18 September 2000 was re-registered as a joint stock company. Currently EximBank operates under a general banking licence #2 renewed by the NBU on 5 October 2011, which provides EximBank with the right to conduct banking operations, including currency operations.

As at 30 June 2012 and 31 December 2011, 100% of EximBank’s shares were owned by the Cabinet Ministers of Ukraine on behalf of the State of Ukraine.

Historically, the main focus of EximBank’s operations was servicing various export-import transactions. Currently, EximBank’s customer base is diversified and includes some large industrial and State owned enterprises. EximBank accepts deposits from the public and makes loans, transfers payments in Ukraine and abroad, exchanges currencies, invests funds and provides cash and settlements, and other banking services to its customers.

In addition to the main banking activities, one of the activities of EximBank is to facilitate, on behalf of the Ukrainian Government, the administration of loan agreements entered into between the Ukrainian Government and other foreign governments. EximBank acts as an agent on behalf of the Ukrainian Government with respect to loans from foreign financial institutions based on the aforementioned agreements. The loan proceeds are advanced to various enterprises within Ukraine on the basis of separate loan agreements between EximBank and Ukrainian enterprises.

A letter from the Cabinet of Ministers dated 4 August 1995, which was subsequently formalised in an Agency Agreement dated 19 September 1996, confirms that the responsibility of EximBank is to act as an agent of the Ukrainian Government for the above described activities and thereby the loan obligations and related risks belong to the Government.

These interim condensed consolidated financial statements comprise EximBank, its subsidiaries (together referred to as the “Bank”). A list of consolidated subsidiaries is as follows:

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

Eximleasing Ltd, a 100% owned subsidiary was founded in 2006.

## 2. Basis of preparation and accounting policies

### Basis of preparation

These interim condensed consolidated financial statements for the six-month period ended 30 June 2012 have been prepared in accordance with IAS 34 “Interim Financial Reporting”.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with Bank’s annual consolidated financial statements for the year ended 31 December 2011.

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

### Operating environment

The Ukrainian economy while deemed to be of market status continues to display certain characteristics consistent with that of an economy in transition. These characteristics include, but are not limited to, low levels of liquidity in the capital markets, high inflation and the existence of currency controls that cause the national currency to be illiquid outside of Ukraine. The stability of the Ukrainian economy will be significantly impacted by the Government’s policies and actions with regard to administrative, legal, and economic reforms. As a result, operations in Ukraine involve risks that are not typical for developed markets.

The Ukrainian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. The global financial crisis has resulted in a decline in the gross domestic product, instability in the capital markets, a significant

deterioration in the liquidity of the banking sector, and tighter credit conditions within Ukraine. Whilst the Ukrainian Government continues to introduce various stabilisation measures aimed at supporting the banking sector and providing liquidity to Ukrainian banks and companies, there continues to be uncertainty regarding access to capital and its cost for the Bank and its counterparties, which could affect the Bank's financial position, results of operations and business prospects.

In addition, factors including increased unemployment in Ukraine, reduced corporate liquidity and profitability, and increased corporate and personal insolvencies, have affected the ability of the Bank's borrowers to repay the amounts due to the Bank. In addition, changes in economic conditions have resulted in deterioration in the value of collateral held against loans and other obligations. To the extent that information is available, the Bank has reflected revised estimates of expected future cash flows in its impairment assessment.

Whilst Management believes it is acting appropriately to support the sustainability of the Bank business in the current circumstances, any unexpected further deterioration in the areas described above could negatively affect the Bank's results and financial position in a manner not currently determinable.

### 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 2011, except for the adoption of new Standards and Interpretations as at 1 January 2012, noted below:

#### *Amendments to IFRS 7 "Financial Instruments: Disclosures"*

The Amendments were issued in October 2010 and are effective for annual periods beginning on or after 1 July 2011. The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Bank's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment had no impact on the Bank's financial position or performance.

#### *Amendments to IAS 12 "Income Taxes" – Deferred tax: Recovery of underlying assets*

In December 2010, the IASB issued amendments to IAS 12 effective for annual periods beginning on or after 1 January 2012. The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. These amendments had no impact on the Bank's financial position.

### Change in composition of cash and cash equivalents

While preparing its 2011 consolidated financial statements, the Bank changed its approach to the composition of cash and cash equivalents to exclude current accounts with other credit institutions denominated in gold. The effect of this change on the corresponding figures for the six-month period ended 30 June 2011 is as follows:

	<i>As previously reported</i>	<i>Effect of change</i>	<i>As reclassified</i>
<b>Consolidated statement of cash flows for the six-month ended 30 June 2011</b>			
Net (increase)/decrease in operating assets: Amounts due from credit institutions	(2,397,971)	(22,217)	(2,420,188)
Net cash flows from operating activities before income tax	2,502,974	(22,217)	2,480,757
Net cash flows from operating activities	2,490,896	(22,217)	2,468,679
Net increase/(decrease) in cash and cash equivalents	4,296,090	(22,217)	4,273,873
Cash and cash equivalents, 1 January	10,892,912	(113,602)	10,779,310
Cash and cash equivalents, 30 June	15,189,002	(135,819)	15,053,183

### 3. Segment information

For management purposes, the Bank is organised into three operating segments based on products and services as follows:

Retail banking	Includes products offered on standard terms and conditions (as per the tariffs approved in the standard procedures) that do not require an individual approach;
Corporate banking	Includes complex products that require an individual approach and are mainly offered to corporate customers;
Financial institutions and investments	Includes products for securities transactions or for rendering services to financial and investments market participants (interbank operations, stock market, etc.);
Other/unallocated	Other not directly allocated operations.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance, as explained in the table below, is measured differently from profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

For the purpose of segment reporting, interest is allocated based on a transfer pool rate determined by the Assets and Liabilities Committee based on the Bank's cost of borrowing.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in six-month period 30 June 2012 or 2011. Significant transactions and balances with state-owned entities are disclosed in Note 16.

EximBank and its subsidiaries are located in Ukraine and almost 100% of the consolidated revenue is from Ukraine.

*(in thousands of Ukrainian hryvnia unless otherwise indicated)*

The following table presents income and profit, certain assets and liabilities information regarding the Bank's operating segments for the six-month period ended 30 June 2012:

	<b>Retail banking</b>	<b>Corporate banking</b>	<b>Financial institutions and investments</b>	<b>Other/ unallocated</b>	<b>Total</b>
<b>Third party</b>					
Interest income	88,603	2,864,126	813,126	-	3,765,855
Fee and commission income	166,664	62,563	8,748	-	237,975
Gain from dealing in available-for-sale investment securities	-	-	65,303	-	65,303
Net gain from foreign currencies and precious metals	75,341	-	74,079	8,924	158,344
Gain from change in fair value of investment securities designated at fair value through profit and loss	-	-	7,025	-	7,025
Release of provisions on held to maturity investment securities	-	-	19	-	19
Other income	1,190	41,262	443	2	42,897
<b>Inter-segmental result</b>	<b>702,370</b>	<b>(1,691,302)</b>	<b>53,585</b>	<b>935,347</b>	<b>-</b>
<b>Total revenue</b>	<b>1,034,168</b>	<b>1,276,649</b>	<b>1,022,328</b>	<b>944,273</b>	<b>4,277,418</b>
Interest expenses	(626,149)	(552,726)	(765,366)	-	(1,944,241)
Fee and commission expense	(43,410)	(13,155)	(66)	(4)	(56,635)
Loan impairment charge	(76,928)	(1,476,803)	-	-	(1,553,731)
Loss from investment securities available-for-sale	-	-	(75)	(3,608)	(3,683)
Personnel expenses	(191,810)	(84,729)	(25,468)	(109,545)	(411,552)
Depreciation and amortisation	(29,410)	(4,868)	(947)	(5,769)	(40,994)
Other operating expense	(93,874)	(12,573)	(6,703)	(24,425)	(137,575)
Charge of impairment of other assets and provisions on other assets	(571)	(13,772)	-	(87)	(14,430)
<b>Segment results</b>	<b>(27,984)</b>	<b>(881,977)</b>	<b>223,703</b>	<b>800,835</b>	<b>114,577</b>
Income tax expense					(35,351)
<b>Profit for the period</b>					<b>79,226</b>
<b>Assets and liabilities as at 30 June 2012</b>					
Segment assets	3,988,742	46,048,918	23,320,098		73,357,758
Unallocated assets				1,418,269	1,418,269
<b>Total assets</b>					<b>74,776,027</b>
Segment liabilities	17,496,106	20,602,539	19,289,353		57,387,998
Unallocated liabilities				76,032	76,032
<b>Total liabilities</b>					<b>57,464,030</b>
<b>Other segment information</b>					
Capital expenditure	(36,985)	(6,383)	(1,241)	(7,565)	(52,174)

*(in thousands of Ukrainian hryvnia unless otherwise indicated)*

The following table presents income and profit for the six-month period ended 30 June 2011 and certain assets and liabilities information regarding the Bank's operating segments as at 31 December 2011:

	<b>Retail banking</b>	<b>Corporate banking</b>	<b>Financial institutions and investments</b>	<b>Other/ unallocated</b>	<b>Total</b>
<b>Third party</b>					
Interest income	91,287	2,827,905	632,220	-	3,551,412
Fee and commission income	155,618	69,457	5,062	-	230,137
Gain from dealing in available-for-sale investment securities	9,594	-	26,617	-	36,211
Net gain from foreign currencies and precious metals	76,633	-	67,420	34,212	178,265
Release of allowance for impairment of other assets and provisions on held to maturity investment securities	-	-	22,385	-	22,385
Other income	1,315	14,424	245	1,999	17,983
<b>Inter-segmental result</b>	<b>718,313</b>	<b>(1,938,531)</b>	<b>367,473</b>	<b>852,745</b>	<b>-</b>
<b>Total revenue</b>	<b>1,052,760</b>	<b>973,255</b>	<b>1,121,422</b>	<b>888,956</b>	<b>4,036,393</b>
Interest expenses	(659,207)	(636,819)	(865,878)	-	(2,161,904)
Fee and commission expense	(36,609)	(18,888)	(72)	(5)	(55,574)
Loan impairment charge	(71,958)	(1,138,709)	-	-	(1,210,667)
Loss from change in fair value of investment securities designated at fair value through profit and loss	-	-	(38,907)	-	(38,907)
Loss from investment securities available-for-sale	-	-	(19,020)	-	(19,020)
Personnel expenses	(144,319)	(65,722)	(20,527)	(77,230)	(307,798)
Depreciation and amortisation	(24,870)	(3,975)	(768)	(4,274)	(33,887)
Other operating expense	(81,026)	(10,773)	(5,219)	(16,554)	(113,572)
Charge of impairment of other assets and provisions on other assets	(1,737)	(558)	-	(97)	(2,392)
<b>Segment results</b>	<b>33,034</b>	<b>(902,189)</b>	<b>171,031</b>	<b>790,796</b>	<b>92,672</b>
Income tax expense					(38,572)
<b>Profit for the period</b>					<b>54,100</b>
<b>Assets and liabilities as at 31 December 2011</b>					
Segment assets	4,219,738	45,575,284	23,663,164		73,458,186
Unallocated assets				1,067,101	1,067,101
<b>Total assets</b>					<b>74,525,287</b>
Segment liabilities	16,652,254	20,755,864	19,829,869		57,237,987
Unallocated liabilities				29,036	29,036
<b>Total liabilities</b>					<b>57,267,023</b>
<b>Other segment information</b>					
Capital expenditure	(12,304)	(1,887)	(364)	(2,027)	(16,582)

#### 4. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	<b>30 June 2012 (unaudited)</b>	<b>31 December 2011</b>
Cash on hand	750,386	792,686
Current account with the National Bank of Ukraine	2,045,155	719,665
Current accounts with other credit institutions	3,700,763	6,525,178
Overnights deposits with other credit institutions	154,236	442,414
Time deposits with credit institutions up to 90 days	680,769	70,737
Deposit certificates of the National Bank of Ukraine up to 90 days	-	500,034
Reverse repurchase agreement with contractual maturity up to 90 days	-	1,001,126
<b>Cash and cash equivalents</b>	<b>7,331,309</b>	<b>10,051,840</b>

#### 5. Amounts due from credit institutions

Amounts due from credit institutions consist of the following:

	<b>30 June 2012 (unaudited)</b>	<b>31 December 2011</b>
<b>Loans and deposits with banks</b>		
Ukrainian banks	941,944	1,024,975
OECD banks	49,793	49,776
	<b>991,737</b>	<b>1,074,751</b>
<b>Placements with other credit institutions</b>		
Deposits with the NBU	565,762	580,176
Current accounts with other credit institutions in precious metals	183,443	191,800
Other amounts due from credit institutions	3,733	6,136
	<b>752,938</b>	<b>778,112</b>
<b>Due from credit institutions</b>	<b>1,744,675</b>	<b>1,852,863</b>

With effect from May 2012, Ukrainian banks were required to keep 50% of the obligatory reserve for the previous month on a separate account with the NBU (31 December 2011: 70% of the obligatory reserve). The interest rate for this obligatory reserve is 30% of the official NBU discount rate. As at 30 June 2012, the amount placed by the Bank on this account is UAH 494,993 thousand (31 December 2011: UAH 556,861 thousand). Ukrainian banks are allowed to cover 50% the NBU obligatory reserve requirements with the nominal value of certain Ukrainian State bonds (2011: 50%). As at 30 June 2012, Ukrainian State bonds with a carrying value of UAH 281,510 thousand (31 December 2011: UAH 265,809 thousand) were used by the Bank to partially cover its NBU obligatory reserve requirements (Note 7).

Ukrainian banks are required to deposit 20% of amounts attracted from non-residents in foreign currency for a period of less than 183 days on a separate account with the NBU in form of a non-interest bearing cash deposit. As at 30 June 2012, the amount placed by the Bank on this account was UAH 29,982 thousand (31 December 2011: UAH 18,239 thousand).

Ukrainian banks are also required to deposit an amount equivalent to the impairment allowance (determined under Ukrainian Accounting Rules (hereinafter – UAR)) created for loans granted in foreign currencies to borrowers with no foreign currency income on a separate account with the NBU in form of a non-interest bearing cash deposit. As at 30 June 2012, the amount placed by the Bank on this account was UAH 40,787 thousand (31 December 2011: UAH 5,076 thousand).

The Bank's ability to withdraw these deposits is significantly restricted by statutory legislation.

The Bank meets the NBU obligatory reserve requirements as at 30 June 2012 and 31 December 2011.

The movements in allowance for impairment of amounts due from credit institutions is as follows:

	<b>Amounts due from credit institutions</b>
At 1 January 2012	-
Charge for the period	-
Translation differences	-
<b>At 30 June 2012 (unaudited)</b>	<b>-</b>
At 1 January 2011	<b>17,842</b>
Release for the period	510
Translation differences	262
<b>At 30 June 2011 (unaudited)</b>	<b>18,614</b>

## 6. Loans to customers

Loans to customers comprise:

	<b>30 June 2012 (unaudited)</b>	<b>31 December 2011</b>
Commercial loans	48,915,492	50,452,718
Promissory notes	785,443	777,551
Overdrafts	98,327	99,435
Finance lease receivables	12,233	11,852
	<b>49,811,495</b>	<b>51,341,556</b>
Less – Allowance for impairment	(8,344,585)	(9,486,089)
<b>Loans to customers</b>	<b>41,466,910</b>	<b>41,855,467</b>

Loans have been extended to the following types of customers:

	<b>30 June 2012 (unaudited)</b>	<b>31 December 2011</b>
Private entities	36,867,186	39,078,637
State entities	10,804,694	10,103,353
Municipal entities	1,296,385	1,210,740
Individuals	843,230	948,826
<b>Total loans to customers</b>	<b>49,811,495</b>	<b>51,341,556</b>

As at 30 June 2012, loans to customers with a carrying value of UAH 4,906,723 thousand are pledged as collateral against loans received from the NBU (31 December 2011: UAH 4,990,483 thousand).

A reconciliation of the allowance for impairment of loans to customers by class is as follows:

	<b>Commercial loans</b>	<b>Overdrafts</b>	<b>Finance lease receivables</b>	<b>Promissory notes</b>	<b>Total</b>
At 1 January 2012	9,412,914	26,018	4,949	42,208	9,486,089
Charge/ (release) for the period	1,602,151	(19,318)	4,961	(34,063)	1,553,731
Amounts written off	(2,667,604)	-	-	-	(2,667,604)
Translation differences	(27,631)	-	-	-	(27,631)
<b>At 30 June 2012 (unaudited)</b>	<b>8,319,830</b>	<b>6,700</b>	<b>9,910</b>	<b>8,145</b>	<b>8,344,585</b>

	<b>Commercial loans</b>	<b>Overdrafts</b>	<b>Finance lease receivables</b>	<b>Promissory notes</b>	<b>Total</b>
At 1 January 2011	7,206,377	24,389	24,249	56,375	7,311,390
Charge/ (release) for the period	1,243,624	(2,521)	(20,091)	(10,855)	1,210,157
Recoveries	100,485	-	-	-	100,485
Amounts written off	(876)	-	-	-	(876)
Translation differences	59,969	-	26	-	59,995
<b>At 30 June 2011 (unaudited)</b>	<b>8,609,579</b>	<b>21,868</b>	<b>4,184</b>	<b>45,520</b>	<b>8,681,151</b>

## 7. Investment securities

Investment securities designated at fair value through profit or loss as at 30 June 2012 and 31 December 2011 are represented by Ukrainian State bonds.

As at 30 June 2012, investment securities designated at fair value through profit or loss with a fair value of UAH 817,720 thousand (31 December 2011: nil) are pledged under repurchase agreements with the NBU.

As at 30 June 2012, investment securities designated at fair value through profit or loss with a carrying value of UAH 1,160,681 thousand (31 December 2011: UAH 761,823 thousand) are pledged as collateral under loans received from the NBU.

Available-for-sale investment securities comprise:

	<b>30 June 2012 (unaudited)</b>	<b>31 December 2011</b>
Corporate shares	16,665	6,365
Corporate bonds	3,439,476	3,494,049
Municipal bonds	10,082	10,082
Ukrainian State bonds	8,381,865	6,344,771
<b>Available-for-sale investment securities</b>	<b>11,848,088</b>	<b>9,855,267</b>

As at 30 June 2012, Ukrainian state bonds classified as available-for-sale investment securities with a carrying value of UAH 1,546,530 thousand (31 December 2011: UAH 2,283,649 thousand) are pledged under repurchase agreements with the NBU (Note 10).

As at 30 June 2012, Ukrainian State bonds with a carrying value of UAH 281,510 thousand are used by the Bank to partially cover its NBU obligatory reserve requirements (31 December 2011: UAH 265,809 thousand).

Held-to-maturity investment securities comprise the following:

	<b>30 June 2012 (unaudited)</b>		<b>31 December 2011</b>	
	<b>Nominal value</b>	<b>Carrying value</b>	<b>Nominal value</b>	<b>Carrying value</b>
Municipal bonds	90,000	91,219	90,000	91,317
Corporate bonds	1,244,943	1,369,015	1,244,943	1,299,295
		<b>1,460,234</b>		<b>1,390,612</b>
Less – Allowance for impairment		(18,251)		(18,270)
<b>Held-to-maturity investments</b>		<b>1,441,983</b>		<b>1,372,342</b>



## 8. Investment property

The movements of investment property are as follows:

	<i>For the six-month period ended 30 June</i>	
	<i>2012</i>	<i>2011</i>
	<i>(unaudited)</i>	
<b>Investment property as at 1 January</b>	<b>3,088,254</b>	<b>2,380,711</b>
Additions	620,127	626,425
Transfer from property and equipment	-	11,042
Disposals	(618)	-
Net gain from fair value adjustment	78	-
<b>Investment property as at 30 June</b>	<b>3,707,841</b>	<b>3,018,178</b>

During six-month period ended 30 June 2012, the Bank received property as a part consideration for loan repayment. The Bank decided to hold the property for the purpose of long term capital appreciation and rental growth, rather than sell the short-term and classified the assets as investment property.

The Bank leased out a portion of the investment property under operating lease. Future minimum receivables under non-cancellable operating lease comprise the following:

	<i>30 June 2012 (unaudited)</i>	<i>31 December 2011</i>
Not later than 1 year	17,598	22,446
Later than 1 year and not later than 5 years	26,224	33,489
Late than 5 years	6,970	12,428
<b>Future minimum receivables under non-cancellable operating lease</b>	<b>50,792</b>	<b>68,363</b>

During the six-month period ended 30 June 2012, the Bank has recognised rental income of UAH 14,777 thousand (for the six-month period ended 30 June 2011: UAH 12,454 thousand) included in other income in the consolidated income statement.

## 9. Other assets

As at 30 June 2012, other assets includes other tax assets, except those related to income tax, which mainly consist of a recognised VAT credit related to repossessed investment property, in the amount of UAH 281,945 thousand (31 December 2011: UAH 159,021 thousand).

## 10. Amounts due to the National Bank of Ukraine

Amounts due to the National Bank of Ukraine comprise:

	<i>30 June 2012 (unaudited)</i>	<i>31 December 2011</i>
Correspondent account	859	1,188
Repurchase agreements	2,307,756	2,202,795
Loans due to the National Bank of Ukraine	3,981,887	3,993,091
<b>Amounts due to the National Bank of Ukraine</b>	<b>6,290,502</b>	<b>6,197,074</b>

In May and June 2012, the Bank entered into repurchase agreements with the NBU with a carrying value of UAH 2,307,756 thousand as at 30 June 2012 (31 December 2011: UAH 2,202,795 thousand). The subject of these agreements is Ukrainian State bonds with a fair value of UAH 2,364,250 thousand as at 30 June 2012 (31 December 2011: UAH 2,283,649 thousand) (Note 7).

## 11. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	<b>30 June 2012</b> <b>(unaudited)</b>	<b>31 December</b> <b>2011</b>
<b>Current accounts</b>		
Ukrainian banks	378,204	427,515
OECD banks	13,573	6,626
CIS and other foreign banks	227,948	439,869
	<b>619,725</b>	<b>874,010</b>
<b>Loans and deposits</b>		
OECD banks	3,371,203	3,767,767
International financial organisations	2,364,284	2,061,471
Ukrainian banks	509,598	740,561
CIS and other foreign banks	219,115	218,607
	<b>6,464,200</b>	<b>6,788,406</b>
Other amounts due to credit institutions	141	1,994
<b>Amounts due to credit institutions</b>	<b>7,084,066</b>	<b>7,664,410</b>
Held as security against guarantees	54,268	67,735

For the purpose of cash flow statement presentation, the Bank segregates funds attracted from credit institutions into operating and financing activities. Funds attracted from Ukrainian banks were included in operating activity and from other banks – in financing activity.

## 12. Amounts due to customers

Amounts due to customers comprise:

	<b>30 June 2012</b> <b>(unaudited)</b>	<b>31 December</b> <b>2011</b>
Current accounts		
- Budget funds	5,043,042	3,213,330
- Legal entities	4,804,593	5,624,167
- Individuals	1,530,395	1,284,816
- Due to funds under the Bank's management	16,076	12,674
	<b>11,394,106</b>	<b>10,134,987</b>
Time deposits		
- Budget funds	705,736	579
- Legal entities	5,558,892	7,384,625
- Individuals	12,613,433	12,157,820
	<b>18,878,061</b>	<b>19,543,024</b>
<b>Due to customers</b>	<b>30,272,167</b>	<b>29,678,011</b>
Held as security against letters of credit	185,241	430,865
Held as security against guarantees and avals	213,698	286,726
Held as security against undrawn loan commitments	2,599	1,916
Held as security against loans to customers	580,560	726,569

## 13. Equity

As at 30 June 2012, EximBank's authorised issued share capital comprised 11,414,901 (31 December 2011: 11,414,901) ordinary shares, with a nominal value of UAH 1,440.82 per share (31 December 2011: UAH 1,437.9). All shares have equal voting rights. As at 30 June 2012, 11,414,901 issued shares were fully paid and registered (31 December 2011: 11,414,901 shares were fully paid and registered).

In May 2012, according to the Resolution of the Cabinet of Ministers of Ukraine dated 21 March 2012, EximBank's share capital was increased by UAH 33,332 thousand through capitalisation of part of profit and retained earnings for 2010 determined under UAR.

In May 2012, according to the Ukrainian legislation the Bank distributed profits of UAH 26,436 thousand to the shareholder.

#### 14. Financial commitments and contingencies

Financial commitments and contingencies comprise:

	<b>30 June 2012</b> <b>(unaudited)</b>	<b>31 December</b> <b>2011</b>
Letters of credit	613,471	613,034
Guarantees	2,807,894	2,932,580
Avals on promissory notes	115,949	143,501
Undrawn loan commitments	195,960	203,452
	<b>3,733,274</b>	<b>3,892,567</b>
Less – Provisions	-	(307)
<b>Financial commitments and contingencies (before deducting collateral)</b>	<b>3,733,274</b>	<b>3,892,260</b>
Less – cash held as security against letters of credit, avals and guarantees, and undrawn loan commitments	(455,806)	(787,242)
<b>Financial commitments and contingencies</b>	<b>3,277,468</b>	<b>3,105,018</b>

#### 15. Fair values of financial instruments

The Bank applies the following hierarchical structure of evaluation methods for measurement of and disclosure of information about fair value of financial assets that includes variations of fair value due to certain alternative assumptions used in the evaluation model:

- Level 1: fair value is measured directly on the basis of financial instrument market quotations in the active markets.
- Level 2: in respect of financial instruments for which market quotations are not available, their fair value is measured through evaluation models based on assumptions confirmed by observed market prices and rates effective on the reporting date, i.e. directly or indirectly based on market observations;
- Level 3: for financial instruments, which fair value cannot be measured on the basis of market quotations and evaluation models based on market observations, the Bank uses evaluation models with initial data that have considerable effect on the reported fair value of financial instruments that are not based on market observations. Such approach is adequate for investments in non-listed equity and debt securities.

The following table presents evaluation methods used for measurement of fair value of financial instruments at fair value through profit or loss or other comprehensive income:

<b>30 June 2012</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investment securities designed at fair value through profit or loss	3,533,349	-	-	<b>3,533,349</b>
Available-for-sale investment securities	8,662,325	3,169,098	16,665	<b>11,848,088</b>
<b>Total assets</b>	<b>12,195,674</b>	<b>3,169,098</b>	<b>16,665</b>	<b>15,381,437</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>31 December 2011</b>				
Investment securities designed at fair value through profit or loss	3,221,305	-	-	<b>3,221,305</b>
Available-for-sale investment securities	2,588,086	6,399,275	867,906	<b>9,855,267</b>
<b>Total assets</b>	<b>5,809,391</b>	<b>6,399,275</b>	<b>867,906</b>	<b>13,076,572</b>

During the six-month period ended 30 June 2012, the Bank transferred available-for-sale investment securities with a carrying value of UAH 861,578 thousand at the date of transfer from level 3 to level 2 of the fair value hierarchy. The reason for the transfer from level 3 to level 2 is that as at 30 June 2012 the Bank applied valuation models based on assumptions

confirmed by observed market data. There were no other transfers between levels of the fair value hierarchy during six-month period ended 30 June 2012.

## 16. Related party transactions

In accordance with IAS 24 “Related Party Disclosures”, parties are considered to be related if 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 transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

Transactions and balances with related parties comprise transactions with Ukrainian government-related entities (both directly and indirectly) and key management personnel.

The outstanding balances of key management personnel as at 30 June 2012 and 31 December 2011, and related income and expense for the six-month periods ended 30 June 2012 and 2011 are as follows:

	<b>30 June 2012</b> <b>(unaudited)</b>	<b>31 December 2011</b>
	<b>Key management personnel</b>	<b>Key management personnel</b>
<b>Loans to customers, gross</b>	361	236
Less: allowance for impairment	-	-
<b>Loans to customers, net</b>	<b>361</b>	<b>236</b>
Current accounts	5,197	3,580
Time deposits	17,904	19,701
<b>Amounts due to customers</b>	<b>23,101</b>	<b>23,281</b>
Interest income on loans	16	141
Interest expense on customers’ deposits	(593)	(366)
Commission income	-	16
Translation differences	131	(390)

The aggregate remuneration and other benefits paid to the key management personnel for the six-month period ended 30 June 2012 is UAH 16,138 thousand (UAH 228 thousand payment to non-state pension fund) (six-month period ended 30 June 2011: UAH 11,701 thousand (UAH 153 thousand payment to non-state pension fund)).

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

*(in thousands of Ukrainian hryvnia unless otherwise indicated)*

Balances of government-related entities which are significant in terms of the carrying amount as at 30 June 2012 are disclosed below:

<i>Client</i>	<i>Sector</i>	<i>Cash and cash equivalents</i>	<i>Amounts due from credit institutions</i>	<i>Loans to customers</i>	<i>Amounts due to customers</i>	<i>Amounts due to NBU</i>	<i>Guarantees issued</i>
Client 1	State entities	-	-	-	4,700,819	-	-
Client 2	Finance	2,045,155	565,762	-	-	6,290,502	-
Client 3	Finance	600,412	-	-	-	-	-
Client 4	Finance	-	35,735	-	-	-	-
Client 5	Extractive industry	-	-	4,230,406	-	-	-
Client 6	Extractive industry	-	-	-	-	-	45,557
Client 7	Trade enterprises	-	-	-	200,789	-	1,132,337
Client 8	Trade enterprises	-	-	994,748	-	-	-
Client 9	Trade enterprises	-	-	-	-	-	530,936
Client 10	Road construction	-	-	2,080,050	-	-	-
Client 11	Engineering	-	-	655,950	-	-	270,618
Client 12	Engineering	-	-	660,664	-	-	-
Client 13	Power utilities	-	-	1,129,127	-	-	-
Client 14	Transport and communication	-	-	462,616	-	-	-
Client 15	Transport and communication	-	-	-	369,932	-	-

Balances of government-related entities which are significant in terms of the carrying amount as at 31 December 2011 are disclosed below:

<i>Client</i>	<i>Sector</i>	<i>Cash and cash equivalents</i>	<i>Amounts due from credit institutions</i>	<i>Loans to customers</i>	<i>Amounts due to customers</i>	<i>Amounts due to NBU</i>	<i>Guarantees issued</i>
Client 1	State entities	-	-	-	2,935,037	-	-
Client 2	Finance	1,219,699	580,176	-	-	6,197,074	-
Client 3	Finance	1,001,126	-	-	-	-	-
Client 16	Finance	-	-	-	572,880	-	-
Client 4	Finance	-	77,853	-	-	-	-
Client 5	Extractive industry	-	-	4,199,855	-	-	-
Client 6	Extractive industry	-	-	-	-	-	45,542
Client 7	Trade enterprises	-	-	-	484,418	-	1,070,119
Client 8	Trade enterprises	-	-	849,999	-	-	-
Client 9	Trade enterprises	-	-	-	-	-	577,729
Client 17	Trade enterprises	-	-	-	169,295	-	-
Client 10	Road construction	-	-	2,081,968	-	-	-
Client 13	Power utilities	-	-	1,159,425	279,613	-	-
Client 11	Engineering	-	-	438,953	-	-	359,180
Client 15	Transport & communications	-	-	-	493,998	-	-
Client 18	Transport & communications	-	-	-	192,818	-	-
Client 19	Chemistry	-	-	-	327,758	-	-

Proceeds from sale of investment securities to Client 5 during six-month period ended 30 June 2012 were UAH 14,152,931 thousand (six-month period ended 30 June 2011: UAH 3,095,630 thousand). Cash outflow on purchase of investment securities from Client 5 during six-month period ended 30 June 2012 was UAH 14,175,283 thousand (six-month period ended 30 June 2011: UAH 3,067,595 thousand).

As at 30 June 2012 and 31 December 2011 the Bank's investments in debt securities issued by the Government or the government-related corporate entities were as follows:

	<b>30 June 2012</b> <b>(unaudited)</b>	<b>31 December</b> <b>2011</b>
<b>Investment securities as available-for-sale</b>	8,508,539	6,464,115
<b>Investment securities designated at fair value through profit or loss</b>	3,533,349	3,221,305
<b>Investment securities held-to-maturity</b>	1,369,015	1,299,295

## 17. Capital adequacy

### *NBU capital adequacy ratio*

The NBU requires banks to maintain a capital adequacy ratio of 10% of the amount of risk-weighted assets, computed in accordance with the UAR.

As at 30 June 2012 and 31 December 2011, the Bank's capital adequacy ratio on this basis is as follows:

	<b>30 June 2012</b> <b>(unaudited)</b>	<b>31 December</b> <b>2011</b>
Main capital	16,109,028	15,654,654
Additional capital	3,721,609	3,974,333
<b>Total capital</b>	<b>19,830,637</b>	<b>19,628,987</b>
<b>Risk weighted assets</b>	<b>63,145,287</b>	<b>64,517,183</b>
<b>Capital adequacy ratio</b>	<b>31.40%</b>	<b>30.42%</b>

Regulatory capital comprises Tier 1 capital (Main capital) consisting of paid-in registered share capital plus reserves less expected losses, intangible assets, accumulated deficit and losses of current period and Tier 2 capital (Additional capital), consisting of credit risk provisions, asset revaluation reserve, current profit, subordinated capital (in the amount not exceeding 100% of Tier 1 capital) and retained earnings. For Regulatory capital calculation purposes the qualifying Tier 2 capital amount is limited to 100% of Tier 1 capital.

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

The EximBank's capital adequacy ratio, computed in accordance with the Basel Capital Accord 1988, with subsequent amendments including the amendment to incorporate market risks, as at 30 June 2012 and 31 December 2011, comprise:

	<b>30 June 2012</b> <b>(unaudited)</b>	<b>31 December</b> <b>2011</b>
Tier 1 capital	16,399,543	16,338,664
Tier 2 capital	3,510,017	3,716,030
<b>Total capital</b>	<b>19,909,560</b>	<b>20,054,694</b>
<b>Risk weighted assets</b>	<b>64,631,761</b>	<b>64,761,242</b>
Tier 1 capital ratio	25.37%	25.23%
Total capital ratio	30.80%	30.97%