

Summary Special-Purpose Project Financial Statements

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

Additional Financing for the Second Export Development Project

*As at 31 December 2012 and for the period from the Loan Agreement effectiveness to
31 December 2012*

Together with Independent Auditors’ Report

Contents

Independent Auditors’ Report

Summary Special-Purpose Project Financial Statements

Summary of Funds received.....	1
Summary of Expenditures	2
Statement of Designated Account	3
Summary of Statement of Expenditures	4
Notes to the Special-Purpose Project Financial Statements	5

Independent auditors' report on the summary special-purpose financial statements

To the Board of Directors of Joint Stock Company "The State Export-Import Bank of Ukraine"

The accompanying summary special-purpose financial statements of the Additional Financing for the Second Export Development Project ("AF for EDP2") administered by Joint Stock Company "The State Export-Import Bank of Ukraine" (the "Borrower", "Ukreximbank" or the "Bank"), financed under the International Bank for Reconstruction and Development (the "IBRD") Loan Agreement №8089-UA (the "Loan Agreement"), which comprise the summary of funds received, the summary of expenditures, the statement of designated account and the summary of statement of expenditures (SOEs) for the period from the Loan Agreement effectiveness (31 January 2012) to 31 December 2012, and a summary of significant accounting policies and other explanatory information (the "summary special-purpose financial statements"), are derived from the audited special-purpose financial statements of AF for EDP2 for the period from the Loan Agreement effectiveness (31 January 2012) to 31 December 2012. We expressed an unmodified audit opinion on those special-purpose financial statements in our auditors' report dated 19 June 2013. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our auditors' report on those financial statements.

The summary special-purpose financial statements do not contain all the disclosures required by the financial reporting provisions of the "Guidelines: Annual Financial Reporting and Auditing for World Bank-Financed Activities" issued by the World Bank and dated 30 June 2003. Reading the summary special-purpose financial statements, therefore, is not a substitute for reading the audited special-purpose financial statements of AF for EDP2.

Management's responsibility for the summary special-purpose financial statements

Management is responsible for the preparation of a summary of the special-purpose financial statements on the basis described in Note 2 to these summary special-purpose financial statements.

Auditors' responsibility

Our responsibility is to express an opinion on the summary special-purpose financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary special-purpose financial statements derived from the audited special-purpose financial statements of AF for EDP2 for the period from the Loan Agreement effectiveness (31 January 2012) to 31 December 2012 are consistent, in all material respects, with those special-purpose financial statements, on the basis described in Note 2.

Other Matter - Restriction on Use

Without modifying our opinion, our auditors' report on AF for EDP2 audited special-purpose financial statements for 19 June 2013 draws attention to Note 2 to the audited special-purpose financial statements, which describes the basis of accounting used in those special-purpose financial statements. Those special-purpose project financial statements were prepared to assist the Bank to comply with the financial reporting provisions of the guidelines referred to above. As a result, the special-purpose financial statements may not be suitable for another purpose. Accordingly, without modifying our opinion on the summary special-purpose financial statements, we draw attention to Note 2 of the summary special-purpose financial statements, which reproduces Note 2 to the audited special-purpose financial statements and describes the basis of accounting used in the audited special-purpose financial statements. As a result, the summary special-purpose financial statements may not be suitable for another purpose.

Our auditors' report on the special-purpose financial statements for 19 June 2013 is intended solely for the IBRD and should not be used by parties other than the Bank or the IBRD. Accordingly, our auditors' report on these summary special-purpose financial statements is also intended solely for use of those same parties and should not be used by parties other than these specified parties.

Ernst & Young Audit Services LLC

20 June 2013

Summary of Funds Received

For the period from the Loan Agreement effectiveness to 31 December 2012

(in US dollars)

**For the period from the Loan
Agreement effectiveness to
31 December 2012**

FINANCING RECEIVED:

IBRD financing:

Designated Account payments

18,456,286

Front-end fee (Note 3)

375,000

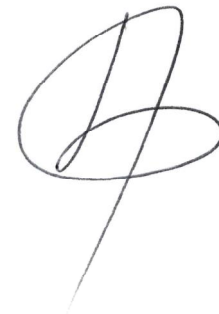
Total IBRD financing

18,831,286

Signed and authorized for release on behalf of the Board

Chairman of the Board

20 June 2013



Vitalii Bilous

Summary of Expenditures

For the period from the Loan Agreement effectiveness to 31 December 2012

(in US dollars)

	For the period from the Loan Agreement effectiveness to 31 December 2012
CATEGORY 1:	
Sub-loans to:	
JSC “Ukreximbank”	3,786,921
Sub-loan 1	2,987,921
Sub-loan 2	499,000
Sub-loan 3	300,000
Total sub-loans	3,786,921
CATEGORY 2:	
Front- end Fee (Note 3)	375,000
Total Expenditures	4,161,921

Statement of Designated Account

For the period from the Loan Agreement effectiveness to 31 December 2012

(in US dollars)

Account name	Ukreximbank World Bank account	
Related loan	8089-UA	
Currency	US dollars	
Balance as at 31 January 2012 – principal		-
Balance as at 31 January 2012 – interest		-
		<hr/>
Add:		-
Advance payment	18,456,286	
IBRD replenishments	-	
Total interest earnings in 2012	-	
		<hr/>
		18,456,286
		<hr/>
Deduct:		
Sub-loans disbursed	(3,786,921)	
Total interest accumulated	-	
Bank commissions	-	
		<hr/>
		(3,786,921)
		<hr/>
Balance as at 31 December 2012 – principal		14,669,365
Balance as at 31 December 2012 – interest		-
		<hr/>

Summary of Statement of Expenditures

For the period from the Loan Agreement effectiveness to 31 December 2012

(in US dollars)

Application No.	Date of application	Category 1	Category 2	Designated Account	Description
	31-Jan-2012	-	375,000	-	Front- end Fee
AFEDP2-EXIM01	13-Jul-2012	-	-	10,000,000	Advance to Designated Account
AFEDP2-EXIM02	22-Oct-2012	2,987,921	-	7,987,921	Advance to and documentation of Designated Account
AFEDP2-EXIM03	04-Dec-2012	468,365	-	468,365	Advance to and documentation of Designated Account
AFEDP2-EXIM04	18-Dec-2012	330,635	-	330,635	Advance to and documentation of Designated Account
		3,786,921	375,000	18,786,921	

1. General Information

The Additional Financing for the Second Export Development Project (further referred as the “AF for EDP2” or the “Project”) is administered by the State Export-Import Bank of Ukraine (the “Borrower”, “Ukreximbank” or the “Bank”) under a Loan Agreement with the International Bank for Reconstruction and Development (the “IBRD”). The amount of the Loan Agreement #8089-UA dated 4 October 2011 (the “Loan Agreement”) is USD 150,000,000. The Loan Agreement became effective on 31 January 2012.

The purpose of the AF for EDP2 are to: (a) provide medium and long term working capital and investment finance to private exporting enterprises to assist the Guarantor’s private exporting sector; and (b) further improve the ability of the banking sector to provide financial resources to the enterprise sector through development of intermediation by expanding private financial institutions’ lending products.

Within the framework of the AF for EDP2, the Bank is able to finance selected commercial banks to enable them to provide sub-loans and lease facilities to beneficiary exporting Ukrainian enterprises.

2. Accounting Policies

Basis of preparation

The AF for EDP2 summary special purpose project financial statements have been prepared in accordance with the accounting principles described below.

The AF for EDP2 summary special-purpose project financial statements have been prepared on a cash basis in respect of loan funds received from the IBRD and issued loans to selected commercial banks/beneficiary enterprises.

Revenue and expenditures of the AF for EDP2 are accounted for by the Bank on an accrual basis in its separate financial statements, such incomes and expenditures are not recognised in these AF for EDP2 summary special-purpose project financial statements.

To comply with the requirements of the “Guidelines: Annual Financial Reporting and Auditing for World Bank-Financed Activities” issued by the World Bank, the following specific schedules have been included as part of these AF for EDP2 summary special-purpose project financial statements:

- Summary of Funds received for the period from the Loan Agreement effectiveness to 31 December 2012;
- Summary of Expenditures for the period from the Loan Agreement effectiveness to 31 December 2012;
- Statement of Designated Account for the period from the Loan Agreement effectiveness to 31 December 2012;
- Summary of Statement of Expenditures for the period from the Loan Agreement effectiveness to 31 December 2012.

In addition, with respect to Statement of Expenditures (“SOEs”) for the period from the Loan Agreement effectiveness to 31 December 2012, adequate supporting documentation has been maintained to support claims to the IBRD for replenishments of expenditures incurred. Expenditures claimed for replenishment under the SOE procedure were eligible for financing under the Loan Agreement #8089-UA.

The Bank prepares the summary special-purpose financial statements in order to comply with the World Bank Policy on Access to Information dated 1 July 2010, General Conditions for Loans dated 31 July 2010 and the Loan Agreement. According to the abovementioned documents, these summary special-purpose financial statements shall be made publicly available in a timely fashion and in a manner acceptable to the IBRD and which complies with prevailing Ukrainian banking laws and regulations. Therefore the summary special-purpose financial statements do not contain information which is not allowed to be disclosed according to the Ukrainian legislation on banking secrecy.

Reporting currency

These summary special-purpose project financial statements are presented in US dollars (“US dollars”) unless otherwise indicated.

3. IBRD Financing

International Bank for Reconstruction and Development financing is provided through Loan Agreement #8089-UA dated 4 October 2011 between the IBRD, as the Lender, and Ukreximbank, as the Borrower. The obligations of the Borrower according to the Loan Agreement are guaranteed by the Ukrainian Government.

The Borrower paid to the IBRD a front-end fee in the amount equal to 0.25% of the amount of the loan. On the date of the Loan Agreement becoming effective the IBRD, on behalf of the Borrower, withdrew from the loan account and paid to itself the front-end fee of USD 375,000, not using Designated Account. According to the Loan Agreement, the interest rate is calculated as the Reference Rate for the Loan Currency plus the Variable Spread. Amendment of the Reference Rate and Variable Spread takes place on the interest payment date.

The interest is paid on 15 May and 15 November each year. The principal is to be paid by installments semi-annually on 15 May and 15 November beginning on 15 November 2017 and ending 15 May 2041. The closing date of the AF for EDP2 is 31 December 2014, after this date IBRD may, by notice to the Borrower, terminate the right to make withdrawals.

The Project consists of Part A of the Original Project (Second Export Development Project).

The table below sets forth the categories of items to be financed out of the proceeds of the loan:

Category	Description of Category	Part of the Project
(1)	Sub-Loans and Lease Financing	Part A
(2)	Front-end Fee	-

Details of the IBRD financing as at 31 December 2012 are as below:

	Total line of credit	Amounts disbursed	Amounts undisbursed
Sub-Loans and Lease Financing	149,625,000	3,786,921	145,838,079
Front-end Fee	375,000	375,000	-
Balance of Designated Account	-	14,669,365	(14,669,365)
Total	150,000,000	18,831,286	131,168,714

4. Reconciliation of Amounts Shown as Received from the IBRD to Actual Expenditures Incurred

The supporting schedule to the reconciliation of amounts shown as received from the IBRD to actual expenditures of the AF for EDP2 for 2012 is as follows:

	Category 1	Category 2	Designated Account	Total
Accounted according to IBRD data	3,456,286	375,000	15,000,000	18,831,286
According to Bank data	3,786,921	375,000	14,669,365	18,831,286
Difference*	330,635	-	(330,635)	-

* The proceeds of the loan were used by JSC “Ukreximbank” for financing the purchasing of goods under the Category 1. The statement of expenditures for USD 330,635 was sent to the IBRD on 18 December 2012. The IBRD transferred the proceeds of the loan to the Designated Account in 2013.

5. Supplemental Information on Sub-projects

Information regarding sub-projects agreed for financing during the period from the Loan Agreement effectiveness to 31 December 2012

Sub-project	Description of sub-project	Amount of sub-project	Disbursed sub-project amount	Activity	Correspondence with acceptance criteria	Methodology of purchase within sub-project	Ecological category	Participating Bank
Sub-project 1	Working capital financing	10,000,000*	2,987,921	Production of vehicles	Yes	Commercial practice	2	Bank 1
Sub-project 2	Working capital financing	300,000	300,000	Plastic tare manufacture	Yes	Commercial practice	2	Bank 1
Sub-project 3	Purchase of raw materials	499,000	499,000	Production of juice	Yes	Commercial practice	2	Bank 1
Total		10,799,000	3,786,921					

*Sub-loan was partially financed under the Second Export Development Project (Original Project)