

Joint Stock Company "The State Export-Import Bank of Ukraine"  
Energy Efficiency Project

Summary Special-Purpose Project Financial Statements

*As at 31 December 2015 and for the year then ended  
Together with Independent Auditors' Report*

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Independent Auditors' Report

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## Independent Auditors' Report on the summary special-purpose project financial statements

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

The accompanying summary special-purpose project financial statements of the Energy Efficiency Project ("EEP") 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 №8064-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 year ended 31 December 2015, and a summary of significant accounting policies and other explanatory information (the "summary special-purpose project financial statements"), are derived from the audited special-purpose project financial statements of EEP for the year ended 31 December 2015. We expressed an unmodified audit opinion on those special-purpose project financial statements in our auditors' report dated 27 May 2016. Those special-purpose project financial statements, and the summary special-purpose project financial statements, do not reflect the effects of events that occurred subsequent to the date of our auditors' report on those special-purpose project financial statements.

The summary special-purpose project 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 project financial statements of EEP.

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

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

### Auditors' responsibility

Our responsibility is to express an opinion on the summary special-purpose project 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 project financial statements derived from the audited special-purpose project financial statements of EEP for the year ended 31 December 2015 are consistent, in all material respects, with those special-purpose project financial statements, on the basis described in Note 2.

### Basis of accounting and restriction on use

Without modifying our opinion, our auditors' report on EEP audited special-purpose project financial statements for 27 May 2016 draws attention to Note 2 to the audited special-purpose project financial statements, which describes the basis of accounting used in those special-purpose project 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 project financial statements may not be suitable for another purpose. Accordingly, without modifying our opinion on the summary special-purpose project financial statements, we draw attention to Note 2 of the summary special-purpose project financial statements, which reproduces Note 2 to the audited special-purpose project financial statements and describes the

basis of accounting used in the audited special-purpose project financial statements. As a result, the summary special-purpose project financial statements may not be suitable for another purpose.

Our auditors' report on the special-purpose project financial statements for 27 May 2016 is intended solely for the Bank and IBRD and should not be used by parties other than the Bank or the IBRD. Accordingly, our auditors' report on these summary special-purpose project 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*

30 May 2016

Summary of Funds Received  
For the year ended 31 December 2015  
(in US dollars)

	2015	For the period from the Loan Agreement effectiveness to 31 December 2015
FINANCING RECEIVED:		
IBRD financing:		
Designated Account payments	28,338,399	117,351,718
Front end fee (Note 3)	-	500,000
Total IBRD financing	<u>28,338,399</u>	<u>117,851,718</u>

Signed and authorized for release on behalf of the Board

Chairman of the Board



Oleksandr Hrytsenko

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Summary of Expenditures  
 For the year ended 31 December 2015  
 (in US dollars)

	2015	For the period from the Loan Agreement effectiveness to 31 December 2015
<b>CATEGORY 1:</b>		
Sub-loans to:		
JSC "Ukreximbank"	29,317,024	79,310,577
Sub-loan 1	-	2,827,308
Sub-loan 2	-	6,300,000
Sub-loan 3	-	10,518,156
Sub-loan 4	-	27,000,000
Sub-loan 5	-	263,025
Sub-loan 6	-	1,852,141
Sub-loan 7	-	910,000
Sub-loan 8	272,751	299,996
Sub-loan 9	-	295,678
Sub-loan 10	2,186,087	2,186,087
Sub-loan 11	1,232,251	1,232,251
Sub-loan 12	34,681	34,681
Sub-loan 13	48,346	48,346
Sub-loan 14	643,500	643,500
Sub-loan 15	1,605,689	1,605,689
Sub-loan 16	2,377,309	2,377,309
Sub-loan 17	138,094	138,094
Sub-loan 18	44,980	44,980
Sub-loan 19	12,000,000	12,000,000
Sub-loan 20	156,921	156,921
Sub-loan 21	55,006	55,006
Sub-loan 22	754,460	754,460
Sub-loan 23	193,422	193,422
Sub-loan 24	108,900	108,900
Sub-loan 25	336,533	336,533
Sub-loan 26	216,883	216,883
Sub-loan 27	258,845	258,845
Sub-loan 28	46,534	46,534
Sub-loan 29	900,000	900,000
Sub-loan 30	211,410	211,410
Sub-loan 31	167,267	167,267
Sub-loan 32	1,202,543	1,202,543
Sub-loan 33	130,187	130,187
Sub-loan 34	78,867	78,867
Sub-loan 35	482,777	482,777
Sub-loan 36	3,432,781	3,432,781
Participating Bank 1	952,988	10,000,000
Sub-loan 37	-	112,598
Sub-loan 38	-	2,924,472
Sub-loan 39	-	1,259,253
Sub-loan 40	-	511,429
Sub-loan 41	-	734,105
Sub-loan 42	-	3,400,809
Sub-loan 43	-	104,346
Sub-loan 44	167,410	167,410
Sub-loan 45	491,626	491,626
Sub-loan 46	293,952	293,952
Total sub-loans	<u>30,270,012</u>	<u>89,310,577</u>
<b>CATEGORY 2:</b>		
Front end Fee (Note 3)	-	500,000
Total Project Expenditures	<u>30,270,012</u>	<u>89,810,577</u>

Statement of Designated Account  
 For the year ended 31 December 2015  
 (in US dollars)

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Account name	Ukreximbank World Bank account	
Related loan	8064-UA	
Currency	US dollars	
Balance as at 1 January 2015 – principal		29,972,754
Balance as at 1 January 2015 – interest		-
Add:		
Advance payment	28,338,399	
IBRD replenishments	-	
Total interest earnings	-	
		<u>28,338,399</u>
Deduct:		
Sub-loans disbursed	(30,270,012)	
Total interest accumulated	-	
Bank commissions	-	
		<u>(30,270,012)</u>
Balance as at 31 December 2015 – principal		<u>28,041,141</u>
Balance as at 31 December 2015 – interest		<u>-</u>

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Summary of Statement of Expenditures  
 For the year ended 31 December 2015  
 (in US dollars)

Application No.	Date of application	Category 1	Category 2	Designated Account	Description
EEP-EXIM35	02-Mar-2015	75,681*	-	-	Documentation of prior advance to Designated Account
EEP-EXIM36	22-Jun-2015	835,784	-	-	Documentation of prior advance to Designated Account
EEP-EXIM37	06-Jul-2015	2,233,654	-	-	Documentation of prior advance to Designated Account
EEP-EXIM38	27-Jul-2015	293,952	-	-	Documentation of prior advance to Designated Account
EEP-EXIM39	06-Oct-2015	13,834,847	-	17,273,919	Advance to and documentation of Designated Account Advance to
EEP-EXIM40	20-Oct-2015	1,822,712	-	1,822,712	and documentation of Designated Account
EEP-EXIM41	28-Oct-2015	1,642,264	-	1,642,264	Advance to and documentation of Designated Account Advance to
EEP-EXIM42	10-Nov-2015	2,306,922	-	2,306,922	and documentation of Designated Account
EEP-EXIM43	01-Dec-2015	1,379,533	-	1,379,533	Advance to and documentation of Designated Account Advance to
EEP-EXIM44	15-Dec-2015	3,913,049	-	3,913,049	and documentation of Designated Account
		1,958,859**	-		Financing of sub-loan**
		30,297,257	-	28,338,399	

\* The total amount documented in Application No.EEP-EXIM35 is USD 75,681 and is comprised of:

- USD 27,245 disbursed in 2014;
- USD 48,436 disbursed in 2015.

\*\* Documentation of the amount USD 1,958,859 was done in 2016.

## 1. General Information

The Energy Efficiency Project (further referred as the "EEP" 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 #8064-UA dated 10 June 2011 (the "Loan Agreement") is USD 200,000,000. The Loan Agreement became effective on 9 November 2011.

The objective of the Project is to contribute to improved energy efficiency by industrial and commercial companies, municipalities and municipal sector enterprises and energy service companies by facilitating sustainable financial intermediation for energy efficiency investments.

Within the framework of the EEP, the Bank is able to a) facilitate selected private banks to scale up their energy efficiency business lines to the industrial sector by on-lending to their industrial clients, b) provide funding for investments that increase efficiency of energy use in industrial enterprises.

## 2. Accounting Policies

### Basis of preparation

The EEP special-purpose project financial statements have been prepared in accordance with the accounting principles described below.

The EEP 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 beneficiary enterprises.

Revenue and expenditures of the EEP are accounted for by the Bank on an accrual basis in its separate financial statements, such incomes and expenditures are not recognized in these EEP 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 EEP special-purpose project financial statements:

- Summary of Funds received for the period from the Loan Agreement effectiveness to 31 December 2015;
- Summary of Expenditures for the period from the Loan Agreement effectiveness to 31 December 2015;
- Statement of Designated Account for the period from the Loan Agreement effectiveness to 31 December 2015;
- Summary of Statement of Expenditures for the period from the Loan Agreement effectiveness to 31 December 2015.

In addition, with respect to Statement of Expenditures ("SOEs") for the year ended 31 December 2015, 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 #8064-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 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 #8064-UA dated 10 June 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 500,000 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 April and 15 October each year. The principal is to be paid by installments semi-annually on 15 April and 15 October beginning on 15 October 2017 through 15 October 2040. The closing date of the EEP is 31 March 2017. The closing date is the date specified in the Loan Agreement, after which the IBRD may, by notice to the Borrower, terminate the right to make withdrawals.

The Project consists of the following Part:

Part 1. Carrying out Energy Efficiency Sub-Projects within the following categories:

- (i) modernization of inefficient and obsolete equipment and facilities;
- (ii) installation of highly energy-efficient equipment and processes for new production capacities whose current energy use considerably exceeds current best practices;
- (iii) utilization of waste gas and heat and excess pressure;
- (iv) improvement of systems which involves a suite of measures to increase energy efficiency;
- (v) reduction of energy losses in municipal sector enterprises;
- (vi) preparation of energy efficiency related studies and technical assistance;
- (vii) reduction of energy losses in buildings; and
- (viii) implementation of other Energy Efficiency Sub-Projects satisfactory to the IBRD.

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	Part 1
(2)	Front end Fee	-

Details of the IBRD financing as at 31 December 2015 are as below:

	Total line of credit	Amounts disbursed	Amounts undisbursed
Sub-Loans	199,500,000	89,310,577	110,189,423
Front end Fee	500,000	500,000	-
Balance of Designated Account	-	28,041,141	(28,041,141)
Total	200,000,000	117,851,718	82,148,282

### 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 EEP as at 31 December 2015 is as follows:

	Category 1	Category 2	Designated Account	Total
Accounted according to the IBRD data	87,351,718	500,000	30,000,000	117,851,718
According to Bank data	89,310,577	500,000	28,041,141	117,851,718
Difference	(1,958,859)	-	1,958,859	-

The proceeds of the loan amounting to USD 1,958,859 were used by JSC "Ukreximbank" for financing the purchasing of goods under the Category 1. The mentioned amount was documented in 2016.

## 5. Supplemental Information on Sub-projects

Information regarding sub-projects agreed for financing during the year ended 31 December 2015:

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	Purchase of equipment and construction works	400,000	272,751	Production of medical glass	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 2	Purchase of equipment	2,186,087	2,186,087	Food industry	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 3	Purchase of equipment	1,232,251	1,232,251	Furniture production	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 4	Purchase of construction materials	34,681	34,681	Production and transportation of heat energy	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 5	Purchase of equipment and construction works	56,085	48,346	Food industry	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 6	Purchase of equipment and construction works	650,000	643,500	Food industry	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 7	Purchase of equipment	1,605,689	1,605,689	Trading	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 8	Purchase of equipment	2,377,309	2,377,309	Production of plastic package	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 9	Purchase of equipment and construction works	421,000	138,094	Food industry	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 10	Purchase of equipment	48,440	44,980	Production of cardboard	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 11	Purchase of equipment and construction works	12,000,000	12,000,000	Agriculture	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 12	Purchase of construction materials and works	156,921	156,921	Glass production	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 13	Purchase of equipment	58,801	55,006	Food industry	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 14	Purchase of equipment	772,350	754,460	Agriculture	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 15	Purchase of equipment and construction materials	193,422	193,422	Food industry	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 16	Purchase of equipment	128,552	108,900	Agriculture	Yes	Commercial practice	"B low"	JSC "Ukreximbank"

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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 17	Purchase of equipment	550,000	336,533	Food industry	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 18	Purchase of equipment	222,286	216,883	Food industry	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 19	Purchase of equipment	272,086	258,845	Agriculture	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 20	Purchase of equipment	473,693	46,534	Trading	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 21	Purchase of equipment and construction works	900,000	900,000	Glass production	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 22	Purchase of equipment and construction works	245,680	211,410	Agriculture	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 23	Purchase of equipment	177,000	167,267	Agriculture	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 24	Purchase of equipment and construction works	1,249,410	1,202,543	Agriculture	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 25	Purchase of equipment and construction works	130,187	130,187	Pharmaceutics	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 26	Purchase of equipment	84,620	78,867	Production of metal goods	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 27	Purchase of equipment	526,500	482,777	Food industry	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 28	Purchase of equipment	3,432,781	3,432,781	Mechanical engineering	Yes	Commercial practice	"B low"	JSC "Ukreximbank"
Sub-project 29	Purchase of equipment and construction works	167,410	167,410	Steam and hot water supply	Yes	Commercial practice	"B low"	Participating Bank 1
Sub-project 30	Purchase of equipment	491,626	491,626	Agriculture	Yes	Commercial practice	"B low"	Participating Bank 1
Sub-project 31	Purchase of equipment and construction works	293,952	293,952	Food industry	Yes	Commercial practice	"B low"	Participating Bank 1
Total		<u>31,538,819</u>	<u>30,270,012</u>					