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

As at 30 June 2015

Together with the Review Report

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REVIEW REPORT

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Joint Stock Company "The State Export-Import Bank of Ukraine" and its subsidiaries (the "Group") as at 30 June 2015 and the related interim condensed consolidated statements of profit and loss, comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with 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 information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Emphasis of matter

We draw your attention to Note 2 to the accompanying interim condensed consolidated financial information. The operations of the Group, and those of other entities in Ukraine, have been affected and may continue to be affected for the foreseeable future by the continuing political and economic uncertainties in Ukraine. Our conclusion is not qualified in respect of this matter.

LLC AF PricewaterhouseCoopers (Audit)

28 August 2015
Kyiv, Ukraine

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015
(thousands of Ukrainian hryvnia)

	Notes	*30 June 2015 (unaudited)*	*31 December 2014*
Assets			
Cash and cash equivalents	4	17,390,938	16,790,414
Due from credit institutions	6	1,988,568	1,967,651
Loans to customers	7	55,135,817	49,973,792
Investment securities:	8		
- designated at fair value through profit or loss		9,529,113	6,882,115
- available-for-sale		48,747,421	40,426,199
- held-to-maturity		599,232	820,866
Income tax assets		710,811	691,771
Investment property	9	1,989,881	1,986,087
Property and equipment		2,197,625	2,251,643
Intangible assets		18,540	14,078
Deferred income tax asset		1,307,279	1,307,279
Other assets		604,766	418,288
Total assets		**140,219,991**	**123,530,183**
Liabilities			
Amounts due to the National Bank of Ukraine	11	4,099,782	5,248,980
Amounts due to credit institutions	12	18,778,708	16,556,455
Amounts due to customers	13	71,730,965	61,995,129
Eurobonds issued	14	29,018,392	21,764,479
Current income tax liabilities		-	25,181
Subordinated debt		8,182,805	6,140,035
Other liabilities		428,687	224,346
Total liabilities		**132,239,339**	**111,954,605**
Equity			
Share capital	15	21,689,042	16,689,042
Unregistered contributions to share capital		-	5,000,000
Revaluation reserves		3,142,638	1,255,595
Accumulated deficit		(17,013,954)	(11,531,985)
Reserve and other funds		162,926	162,926
Total equity		**7,980,652**	**11,575,578**
Total equity and liabilities		**140,219,991**	**123,530,183**

Authorised for release and signed

28 August 2015

Chairman of the Board **O.V. Hrytsenko**

Head of Accounting and Reporting Department – Chief Accountant **N.A. Potemska**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For six months ended 30 June 2015
(thousands of Ukrainian hryvnia)

	Notes	For six months ended 30 June 2015	2014 (unaudited)
Interest income			
Loans to customers		3,538,079	2,854,347
Investment securities other than designated at fair value through profit or loss		2,496,795	1,787,934
Due from credit institutions		318,233	79,427
Amounts due from the National Bank of Ukraine		12,945	6,041
		6,366,052	4,727,749
Investment securities designed at fair value through profit or loss		149,654	153,410
		6,515,706	4,881,159
Interest expense			
Amounts due to customers		(2,614,353)	(1,800,439)
Eurobonds issued		(1,282,180)	(632,386)
Amounts due to the National Bank of Ukraine		(621,567)	(565,578)
Amounts due to credit institutions		(606,988)	(198,792)
Subordinated debt		(417,814)	(237,919)
		(5,542,902)	(3,435,114)
Net interest income		**972,804**	**1,446,045**
Allowance for loan impairment charge	6,7	(5,088,366)	(1,396,166)
Net interest margin after allowance for loan impairment		**(4,115,562)**	**49,879**
Commission income		530,519	264,013
Commission expense		(196,097)	(76,815)
Commission income, net		**334,422**	**187,198**
Net gains from investment securities designated at fair value through profit and loss		3,492,243	1,839,102
Net gains/(losses) from available-for-sale investment securities:			
- dealing		31,204	12,855
- losses on impairment		(472,931)	(9,748)
Net gains/(losses) from foreign currencies:			
- dealing		554,174	344,746
- translation differences		(4,423,435)	(1,676,095)
Net gains/(losses) from precious metals:			
- dealing		8,920	5,831
- revaluation		(12,917)	21,508
Other income		42,800	50,906
Non-interest (loss) / income		**(779,942)**	**589,105**
Personnel costs		(419,440)	(465,708)
Depreciation and amortisation		(53,230)	(50,677)
Charge to other impairment and provisions	10	(202,432)	12,914
Other operating expenses		(255,196)	(257,417)
Non-interest expense		**(930,298)**	**(760,888)**
(Loss)/profit before tax		**(5,491,380)**	**65,294**
Income tax expense		-	(16,160)
(Loss)/profit for the period		**(5,491,380)**	**49,134**

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28 August 2015

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Head of Accounting and Reporting Department – Chief Accountant **N.A. Potemska**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For six months ended 30 June 2015
(thousands of Ukrainian hryvnia)

	Notes	For six months ended 30 June 2015 (unaudited)	2014
(Loss)/profit for the period		(5,491,380)	49,134
Other comprehensive income:			
Other comprehensive income to be reclassified through the consolidated statement of profit and loss:			
Net results from investment securities available-for-sale		1,896,454	64,883
Income tax relating to components of other comprehensive income		-	(13,270)
Other comprehensive income not to be reclassified through the statement of profit and loss:			
Income tax relating to components of other comprehensive income		-	(3,746)
Other comprehensive income for the period, net of tax		**1,896,454**	**47,867**
Total comprehensive (loss)/income for the period		**(3,594,926)**	**97,001**

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28 August 2015

Chairman of the Board **O.V. Hrytsenko**

Head of Accounting and Reporting Department – Chief Accountant **N.A. Potemska**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For six months ended 30 June 2015
(thousands of Ukrainian hryvnia)

	Share capital	*Unregistered contributions to share capital*	*Revaluation reserve*	*Accumulated deficit*	*Reserve and other funds*	*Total capital*
At 1 January 2014	**16,514,051**	**-**	**974,461**	**(28,394)**	**151,203**	**17,611,321**
Profit for the period	-	-	-	49,134	-	49,134
Other comprehensive income for the period	-	-	47,867	-	-	47,867
Total comprehensive income for the period	**-**	**-**	**47,867**	**49,134**	**-**	**97,001**
Depreciation of revaluation reserve, net of tax	-	-	(8,193)	8,193	-	-
Realised revaluation reserve on property transferred to accumulated deficit	-	-	(16,515)	16,515	-	-
Increase in share capital	174,991	-	-	(174,991)	-	-
Distribution of profit to the shareholder	-	-	-	(100,310)	-	(100,310)
As 30 June 2014 (unaudited)	**16,689,042**	**-**	**997,620**	**(229,853)**	**151,203**	**17,608,012**
At 1 January 2015	**16,689,042**	**5,000,000**	**1,255,595**	**(11,531,985)**	**162,926**	**11,575,578**
Loss of the period	-	-	-	(5,491,380)	-	(5,491,380)
Other comprehensive income for the period	-	-	1,896,454	-	-	1,896,454
Total comprehensive loss for the period	**-**	**-**	**1,896,454**	**(5,491,380)**	**-**	**(3,594,926)**
Depreciation of revaluation reserve, net of tax	-	-	(9,411)	9,411	-	-
Increase in share capital (Note 15)	5,000,000	(5,000,000)	-	-	-	-
As 30 June 2015 (unaudited)	**21,689,042**	**-**	**3,142,638**	**(17,013,954)**	**162,926**	**7,980,652**

Authorised for release and signed

28 August 2015

Chairman of the Board **O.V. Hrytsenko**

Head of Accounting and Reporting Department – Chief Accountant **N.A. Potemska**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For six months ended 30 June 2015
(direct method)
(thousands of Ukrainian hryvnia)

	Notes	For six months ended 30 June 2015	2014
		(unaudited)	
Cash flows from operating activities			
Interest received		5,607,696	4,074,909
Interest paid		(4,975,333)	(3,158,970)
Commissions received		506,497	261,849
Commissions paid		(193,982)	(76,815)
Result from dealing in foreign currencies and precious metals		563,094	350,577
Personnel costs		(406,049)	(446,204)
Other operating income		42,800	50,550
Other operating and administrative expenses		(210,869)	(241,035)
Cash flow from operating activities before changes in operating assets and liabilities		**933,854**	**814,861**
Net (increase)/ decrease in operating assets:			
Due from credit institutions		30,301	(32,961)
Deposit with the National Bank of Ukraine		-	168,043
Loans to customers		1,782,791	124,410
Other assets		(373,112)	10,522
Net increase / (decrease) in operating liabilities			
Amounts due to credit institutions		(1,929,620)	959,849
Amounts due to the National Bank of Ukraine		(1,200,550)	(2,895,352)
Amounts due to customers		(3,408,498)	(217,791)
Other liabilities		113,241	56,617
Net cash used in operating activities before income tax		**(4,051,593)**	**(1,011,802)**
Income tax paid		(44,220)	(96,254)
Net cash used in operating activities		**(4,095,813)**	**(1,108,056)**
Cash flows from investing activities			
Proceeds from sale and redemption of investment securities		10,815,767	10,288,102
Purchase of investment securities		(8,710,791)	(7,329,547)
Purchases of property, equipment and intangible assets		(7,474)	(84,894)
Proceeds from sale of property and equipment		-	8
Purchase of investment property		-	(6,937)
Proceeds from sale of investment property		-	302
Net cash flows from investing activities		**2,097,502**	**2,867,034**
Cash flows from financing activities			
Distribution of profit to the shareholder		-	(100,310)
Redemption of Eurobonds issued		-	(2,385,050)
Proceeds from borrowings from credit institutions		388,416	1,553,084
Repayment of borrowings from credit institutions		(1,774,662)	(2,020,615)
Net cash flows used in financing activities		**(1,386,246)**	**(2,952,891)**
Effect of exchange rates changes on cash and cash equivalents		3,985,081	2,354,194
Net change in cash and cash equivalents		**600,524**	**1,160,281**
Cash and cash equivalents, 1 January		**16,790,414**	**8,321,070**
Cash and cash equivalents, 30 June	4	**17,390,938**	**9,481,351**

Authorised for release and signed

28 August 2015

Chairman of the Board **O.V. Hrytsenko**

Head of Accounting and Reporting Department – Chief Accountant **N.A. Potemska**

Selected notes on pages 6-26 form an integral part of these interim condensed consolidated financial statements

1. Principal activities

Joint Stock Company "The State Export-Import Bank of Ukraine" (hereinafter – "UkrEximBank" or the "Bank") was founded in 1992. UkrEximBank operates under banking licence No.2 dated 5 October 2011 and a general licence to conduct foreign currency transactions No. 2 dated 5 October 2011.

As at 30 June 2015 and 31 December 2014, 100% of UkrEximBank's shares were owned by the Cabinet Ministers of Ukraine on behalf of the State of Ukraine.

UkrEximBank's head office is in Kyiv at 127 Gorky Str. It has 27 branches and 79 operating outlets (31 December 2014: 27 branches and 93 operating outlets) and 2 representative offices located in London and New-York. UkrEximBank and its branches form a single legal entity.

Traditionally the main focus of UkrEximBank's operations was the servicing of various export-import transactions. Currently UkrEximBank's customer base is diversified and includes a number of large industrial and State owned enterprises. UkrEximBank accepts deposits from the public and makes loans, transfers payments in Ukraine and internationally, exchanges currencies, invests funds and provides cash and settlements, and other banking services to itscustomers.

One of the main activities of UkrEximBank 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 is to provide financing to investment projects (public and private) supporting the development of high value-adding industries and to manufacturers of export-oriented and import-substituting products, to raise foreign credit facilities to improve the economic development of Ukraine (including implementation of energy-saving technologies), to service foreign economic operations of its customers and to act as a financial agent on behalf of the Ukrainian Government. Due to this role the Bank has significant exposure to Ukrainian Government and state-owned entities as disclosed in Note 18.

These interim condensed consolidated financial statements comprise UkrEximBank and 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 trading and leasing business.

"Eximleasing" Ltd, a 100% owned subsidiary was founded in 2006 and registered in Ukraine.

2. Basis of preparation and summary of accounting policies

Basis of preparation

These interim condensed consolidated financial statements for six months ended 30 June 2015 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

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 2014, 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.

The accounting policies and methods of computation adopted in the preparation of these 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 2014, except for the introduction of new standards as described in Note 2 to the annual consolidated financial statements of the Bank for the year ended 31 December 2014 and income tax as described below.

The new standards, amendments to the standards and interpretations which are effective for the Bank from 1 January 2015 and have been disclosed in the Bank's consolidated financial statements for the year ended 31 December 2014 do not have any material impact on these interim condensed consolidated financial statements.

Income taxes. Income tax expense is recognized in each interim period based on the best estimate of the weighted average effective annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the weighted average effective annual income tax rate changes. Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate is applied to the pre-tax income of the interim period.

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 low levels of liquidity in the capital markets and the existence of restrictive currency controls which cause the national currency to be illiquid outside of Ukraine. The stabilisation and recovery of the Ukrainian economy will be significantly impacted by the duration and implications of the conflict in the east of the country, the amount of the international financial aid, the country agreements with creditors on restructuring of government and government guaranteed debt, and the policies and decisions of the Government and the NBU with regard to administrative, legal and economic reforms. As a result, banking operations in Ukraine involve political and economic risks that are not typical for developed markets.

The Ukrainian economy is vulnerable to changes in the global financial and commodity markets. Deteriorated conditions of economic cooperation with the Customs Union's countries have resulted in the reduced export of commodities and accompanying services. A sharp devaluation of the national currency, acceleration of inflation, reduction of personal disposable income, decrease of revenue proceeds and capital investments, and capital outflow from the Ukrainian economy in the light of the annexation of Crimea and the "anti-terrorist" operation ("ATO") conducted in the east of the country have resulted in a decline in the gross domestic product. In particular, decrease of industrial production in the first half of 2015 was 20.5%, in the Donetsk region was 49.9%, Lugansk - 86%.

Events during the first half of 2015, such as active cooperation with the IMF as well as restrictive measures by the government and the NBU, contributed to stabilisation of operating environment. On 11 March, the IMF Board approved a four-year Extended Fund Facility (EFF) for the total amount of USD 17.5 billion. On 13 March, the first tranche of approximately USD 5 billion was drawn under this facility. Along with the range of tightened administrative measures implemented by the NBU and the increase of the official discount rate to 30%, this contributed to stabilisation of the currency market.

Whilst the Ukrainian Government continues to introduce various stabilisation measures aimed at supporting the State finances, banking sector and liquidity of Ukrainian banks and companies, an actual lack of access to capital markets for the Bank and its counterparties has an adverse impact on the Bank's financial position, results of operations and business prospects in the medium term.

In addition, factors such as the growth of unemployment in Ukraine, lower levels of liquidity and profitability in the corporate sector and a threat of a significant increase in the number of instances where legal entities and individuals become insolvent had a negative effect on the borrowers' ability to repay the amounts owed to the Bank. Negative developments in the economic environment have also resulted in a reduced value of collateral pledged for loans. After receiving the relevant information, the Bank promptly revises its estimates of expected future cash flows in impairment assessments.

Continuing tension and high probability of further military actions in some areas of Donetsk and Lugansk regions inhibit normal operations of the Bank's branches and outlets located in those areas, complicate servicing of debt for borrowers and have overall negative impact on the Bank's business.

Whilst the Government and the Bank management take appropriate measures to support the sustainability of the Bank's business in the current circumstances, continued further deterioration in the areas described above could negatively affect the Bank's results and financial position.

According to the operative assessment of State Statistics Service of Ukraine, GDP decline in Ukraine for the second quarter 2015 compared to the respective quarter 2014 slowed to 14.7% (GDP decline in the first quarter 2015 was 17.2% in real terms), consumer price inflation in the first half of 2015 increased to 40.7% (compared to December 2014). As at 30 June 2015 the official NBU exchange rate of Hryvnia against US dollar was UAH 21,01 per USD 1, compared to UAH 15,77 per USD 1 as at 31 December 2014.

Changes in accounting policies

The following new standards and interpretations became effective for the Bank from 1 January 2015:

Amendments to IAS 19 – "Defined benefit plans: Employee contributions" (issued in November 2013 and effective for annual periods beginning 1 July 2014). The amendment allows entities to recognise employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service. The amendment did not have any impact on the Bank's financial statements.

Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below). The improvements consist of changes to seven standards. IFRS 2 was amended to clarify the definition of a 'vesting condition' and to define separately 'performance condition' and 'service condition'; The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014. IFRS 3 was amended to clarify that (1) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (2) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014. IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity's assets when segment assets are reported. The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial. IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided. The amendment did not have material impact on the Bank's financial statements.

Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014). The improvements consist of changes to four standards. The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented. IFRS 3 was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself. The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9. IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination. The amendment did not have material impact on the Bank's financial statements.

Future changes in accounting policies

Standards and interpretations issued but not yet effective

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2016 or later, and which the Bank has not early adopted.

IFRS 9 "Financial Instruments: Classification and Measurement" (amended in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as

FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The Bank is currently assessing the impact of the new standard on its financial statements.

Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016). This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.

Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016). In this amendment, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Bank is currently assessing the impact of the amendments on its financial statements.

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2017). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Bank is currently assessing the impact of the new standard on its financial statements.

Equity Method in Separate Financial Statements - Amendments to IAS 27 (issued on 12 August 2014 and effective for annual periods beginning 1 January 2016). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after 1 January 2016). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. The Bank is currently assessing the impact of the amendments on its financial statements.

Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016). The amendments impact 4 standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report". The Bank is currently assessing the impact of the amendments on its financial statements.

(thousands of Ukrainian hryvnia, unless otherwise stated)

Disclosure Initiative Amendments to IAS 1 (issued in December 2014 and effective for annual periods on or after 1 January 2016). The Standard was amended to clarify the concept of materiality and explains that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The Standard also provides new guidance on subtotals in financial statements, in particular, such subtotals (a) should be comprised of line items made up of amounts recognised and measured in accordance with IFRS; (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable; (c) be consistent from period to period; and (d) not be displayed with more prominence than the subtotals and totals required by IFRS standards.

Investment Entities: Applying the Consolidation Exception Amendment to IFRS 10, IFRS 12 and IAS 28 (issued in December 2014 and effective for annual periods on or after 1 January 2016). The Standard was amended to clarify that an investment entity should measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. In addition, the exemption from preparing consolidated financial statements if the entity's ultimate or any intermediate parent produces consolidated financial statements available for public use was amended to clarify that the exemption applies regardless whether the subsidiaries are consolidated or are measured at fair value through profit or loss in accordance with IFRS 10 in such ultimate or any intermediate parent's financial statements.

Other new standards are not relevant for the Bank. Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Bank's consolidated financial statements.

Significant accounting judgements and estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

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 clients.
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.

The Board 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 taking into account income and expenses from other segments.

Unallocated amounts include:

- income tax receivables and payables, the share of assets and costs associated with the work of the Bank's TOP management, i.e. personnel performing general management functions at the level of the whole Bank's system and the Bank's staff, supporting directly the work of TOP management;
- the result of the revaluation of open currency position;
- the difference between inter-segment revenues and costs of all business lines, obtained as a result of transfer rates.

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

(thousands of Ukrainian hryvnia, unless otherwise stated)

During the six months ended 30 June 2015 and 2014, the Bank had revenues from transactions with a single external customer that accounted for more than 10% of the total income of the Bank, namely UAH 1,738,261 thousand (30 June 2014: UAH 988,434 thousand). Revenues from transactions with this external customer is reflected in the segment "Inter-bank and investments business".

Analysis of income of the Bank from banking products and services is presented in the interim condensed statement profit and loss.

Geografical information. Most revenues and capital expenditure relates to Ukraine. The Bank has no significant revenue from other contries.

The following table presents income and profit, asset and liabilities information regarding the Bank's operating segments for six months ended 30 June 2015 (unaudited):

	Retail banking	*Corporate banking*	*Interbank and investments business*	*Unallocated*	*Total*
External					
Interest income	126,218	3,440,353	2,949,135	-	6,515,706
Commission income	221,017	298,354	11,148	-	530,519
Other income	8,541	8,889	20,694	4,676	42,800
Net gains from transactions with foreign currencies	97,771	-	409,671	-	507,442
Net gains from operations with banking metals	333	-	7,697	-	8,030
Gain from investment securities available-for-sale	-	-	31,204	-	31,204
Gain from changes in the fair value of investment securities designated at fair value through profit and loss	-	-	3	3,492,240	3,492,243
Income from other segments	**1,719,095**	**1,545,706**	**3,085,915**	**(6,350,716)**	**-**
Total income	**2,172,975**	**5,293,302**	**6,515,467**	**(2,853,800)**	**11,127,944**
Interest expenses	(1,356,864)	(1,253,019)	(2,933,019)	-	(5,542,902)
Commission expense	(63,742)	(125,858)	(6,497)	-	(196,097)
Loan impairment charge	(29,375)	(4,646,578)	(412,413)	-	(5,088,366)
Loss from operations with foreign currencies	-	(524,329)	-	(3,852,374)	(4,376,703)
Loss from operations from banking metals	-	-	-	(12,027)	(12,027)
Personnel expenses	(202,584)	(125,045)	(38,522)	(53,289)	(419,440)
Depreciation and amortisation	(34,732)	(13,150)	(2,165)	(3,183)	(53,230)
Other operating expenses	(181,605)	(6,332)	(26,366)	(40,893)	(255,196)
Loss from investment securities available-for-sale	(140)	(472,790)	(1)	-	(472,931)
Charge for impairment of other assets and for covering other losses	(294)	(201,080)	(66)	(992)	(202,432)
Expenses from other segments	**(159,409)**	**(3,904,842)**	**(2,883,118)**	**6,947,369**	**-**
Segment results	**144,230**	**(5,979,721)**	**213,300**	**130,811**	**(5,491,380)**
Income tax expense					-
Loss for the period					**(5,491,380)**
Assets and liabilities as at 30 June 2015					
Segment assets	4,783,070	55,696,148	77,226,876		137,706,094
Unallocated assets				2,513,897	2,513,897
Total assets					**140,219,991**

(thousands of Ukrainian hryvnia, unless otherwise stated)

	Retail banking	*Corporate banking*	*Interbank and investments business*	*Unallocated*	*Total*
Segment liabilities	29,107,015	43,110,652	59,963,335		132,181,002
Unallocated liabilities				58,337	58,337
Total liabilities					**132,239,339**
Other segment information					
Capital expenditure	(6,429)	(1,684)	(301)	(443)	(8,857)

The following table presents income and profit, certain asset and liabilities information regarding the Bank's operating segments for six months ended 30 June 2014 (unaudited):

	Retail banking	*Corporate banking*	*Interbank and investments business*	*Unallocated*	*Total*
External					
Interest income	97,854	2,829,878	1,953,427	-	4,881,159
Commission income	137,120	119,236	7,657	-	264,013
Other income	6,597	18,153	22,519	3,637	50,906
Nat gains from transactions with foreign currencies	90,816	42,217	244,404	-	377,437
Net gains from operations with banking metals	4,213	-	12,137	10,989	27,339
Gain from investment securities available-for-sale	-	-	12,855	-	12,855
Gain from changes in the fair value of investment securities designated at fair value through profit and loss	-	-	2	1,839,100	1,839,102
Reversal of provisions for covering loans	3,953	-	-	-	3,953
Reversal of provisions for impairment of other assets and for covering other losses	-	-	17,595	-	17,595
Income from other segments	**1,210,999**	**1,016,804**	**1,778,420**	**(4,006,223)**	**-**
Total income	**1,551,552**	**4,026,288**	**4,049,016**	**(2,152,497)**	**7,474,359**
Interest expenses	(973,229)	(803,450)	(1,658,435)	-	(3,435,114)
Commission expense	(44,201)	(26,423)	(6,075)	(116)	(76,815)
Loan impairment charge	-	(1,389,534)	(10,585)	-	(1,400,119)
Loss from operations with foreign currencies	-	-	-	(1,708,786)	(1,708,786)
Loss from investment securities available-for-sale	-	-	(9,748)	-	(9,748)
Personnel expenses	(213,752)	(141,461)	(46,323)	(64,172)	(465,708)
Depreciation and amortisation	(33,065)	(12,629)	(1,987)	(2,996)	(50,677)
Other operating expenses	(136,421)	(15,845)	(78,804)	(26,347)	(257,417)
Charge for impairment of other assets and for covering other losses	(426)	(1,607)	-	(2,648)	(4,681)
Expenses from other segments	**(110,416)**	**(2,847,188)**	**(1,929,542)**	**4,887,146**	**-**
Segment results	**40,042**	**(1,211,849)**	**307,517**	**929,584**	**65,294**
Income tax expense					(16,160)
Profit for the period					**49,134**
Assets and liabilities as at 31 December 2014					
Segment assets	4,479,281	51,722,633	65,105,665		121,307,579
Unallocated assets				2,222,604	2,222,604

(thousands of Ukrainian hryvnia, unless otherwise stated)

	Retail banking	*Corporate banking*	*Interbank and investments business*	*Unallocated*	*Total*
Total assets					**123,530,183**
Segment liabilities	27,778,522	34,471,802	49,500,438		111,750,762
Unallocated liabilities				203,843	203,843
Total liabilities					**111,954,605**
Other segment information					
Capital expenditure	(32,969)	(12,468)	(2,155)	(3,249)	(50,841)

4. Cash and cash equivalents

Cash and cash equivalents comprise:

	30 June 2015 (unaudited)	*31 December 2014*
Current accounts with other credit institutions	7,853,528	10,598,929
Overnight deposits with other credit institutions	3,919,049	1,300,449
Current account with the National Bank of Ukraine (other than restricted mandatory reserves)	2,277,736	2,128,691
Time deposits with credit institutions up to 90 days	1,839,100	1,827,952
Cash on hand	1,001,251	934,393
Deposits certificates of the National Bank of Ukraine up to 90 days	500,274	-
Cash and cash equivalents	**17,390,938**	**16,790,414**

5. Mandatory reserves with the National Bank of Ukraine

Since August 2014 Ukrainian banks are required to keep mandatory reserves on a correspondent account with the NBU. Starting from 3 January 2015, the Bank is required to maintain the daily reserve balance on correspondent account with the National Bank of Ukraine at the level not less than 40%, at the beginning of each banking day, of the mandatory reserve balance (representing the arithmetic mean of balances for the period calculated in accordance with the mandatory reserve requirements applicable in that period) calculated for the relevant period.

Previously Ukrainian banks were required to hold certain percentage of mandatory reserves on a separate account with the NBU (2014: 40% until 23 February 2014; 20% after 23 February 2014).

Starting from January 2015, the mandatory reserve requirement on the correspondent account with the NBU may be satisfied with 50% of UAH-denominated cash balances in cash (since March 2015: 100%) and 100% of balances on correspondent account with PJSC "Payment Centre". Previously the Ukrainian banks have been allowed to cover the mandatory reserve balance held on a separate correspondent account with the NBU with the purchased foreign-currency denominated Ukrainian state bonds amounting to 10% of their carrying value in the hryvnia equivalent and long-term national currency denominated Ukrainian state bonds with the maturity of more than 3,600 days according to the initial offering terms amounting to 100% of their carrying value. In addition, the Ukrainian banks can use placements on a correspondent account opened with PJSC "Clearing Centre".

Since August 2008, Ukrainian banks were required to deposit 20% of funds raised from non-residents in foreign currency for a period of less than 183 days on a separate account with the NBU, in the form of non-interest bearing cash deposit. Starting from August 2014 the reserve requirement for funds raised from non-residents in foreign currency is set by the NBU at 0%. As at 30 June 2015 and 31 December 2014 no funds were placed by the Bank on this account.

Since 2009, Ukrainian banks were required to deposit an amount equivalent to the amount of impairment allowance (defined in accordance with the NBU regulations) created for loans granted in foreign currencies to borrowers with no foreign currency income, on a separate account with the NBU in the form of non-interest bearing cash deposit. Starting from February 2014 the NBU temporarily allowed not to keep such reserves on a separate account with the NBU.

(thousands of Ukrainian hryvnia, unless otherwise stated)

As at 31 December 2014 and 30 June 2015 the Bank meets all the NBU's mandatory reserve requirements.

6. Due from credit institutions

Amounts due from credit institutions comprise:

	30 June 2015 (unaudited)	*31 December 2014*
Loans and deposits due from other banks		
Ukrainian banks	2,116,808	1,829,996
OECD banks	168,773	126,636
CIS and other banks	116,853	3,771
	2,402,434	**1,960,403**
Amounts due from other credit institutions		
Current accounts with other credit institutions in precious metals	127,042	116,908
Other amounts due from credit institutions	2	9,323
	2,529,478	**2,086,634**
Less: Allowance for impairment	(540,910)	(118,983)
Due from credit institutions	**1,988,568**	**1,967,651**

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

	Loans and deposits
As 1 January 2015	**118,983**
Charge for the period	412,413
Translation differences	9,514
As 30 June 2015 (unaudited)	**540,910**
As 1 January 2014	**11,542**
Charge for the period	10,585
Translation differences	5,410
As 30 June 2014 (unaudited)	**27,537**

7. Loans to customers

Loans to customers comprise:

	30 June 2015 (unaudited)	*31 December 2014*
Commercial loans	87,597,833	72,818,138
Overdrafts	208,631	304,580
Promissory notes	19,844	16,001
Financial lease receivables	29,517	22,182
	87,855,825	**73,160,901**
Less: Allowance for impairment	(32,720,008)	(23,187,109)
Loans to customers	**55,135,817**	**49,973,792**

Loans have been extended to the following types of customers:

	30 June 2015 (unaudited)	*31 December 2014*
Private entities	68,651,274	57,196,728
State entities	17,735,913	14,408,725
Individuals	1,213,850	1,001,516
Municipal entities	254,788	553,932
Total loans to customers	**87,855,825**	**73,160,901**

(thousands of Ukrainian hryvnia, unless otherwise stated)

As at 30 June 2015, loans to customers with a carrying value of UAH 4,950,563 thousand are pledged as collateral for loans received from the NBU (31 December 2014: UAH 6,899,998 thousand) (Note 11).

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

	Commercial loans	*Overdrafts*	*Financial lease receivables*	*Promissory notes*	*Total*
As 1 January 2015	**23,164,123**	**5,444**	**17,238**	**304**	**23,187,109**
Charge/(reversal) for the period	4,678,131	(2,608)	371	59	4,675,953
Recoveries	5,465	-	-	-	5,465
Amounts written off	-	-	(2)	-	(2)
Translation differences	4,851,112	371	-	-	4,851,483
As 30 June 2015 (unaudited)	**32,698,831**	**3,207**	**17,607**	**363**	**32,720,008**

	Commercial loans	*Overdrafts*	*Financial lease receivables*	*Promissory notes*	*Total*
As 1 January 2014	**8,711,816**	**6,684**	**10,608**	**29,621**	**8,758,729**
Charge/(reversal) for the period	1,387,435	(3,321)	1,024	443	1,385,581
Recoveries	38,990	-	-	-	38,990
Amounts written off	(1,055,602)	-	-	-	(1,055,602)
Translation differences	1,692,599	-	-	-	1,692,599
As 30 June 2014 (unaudited)	**10,775,238**	**3,363**	**11,632**	**30,064**	**10,820,297**

Credit quality by category of financial assets

The Bank uses an internal system of credit ratings from A + to F (16 grades), where the highest rating of A+ is characterized by good ability of the borrower to fulfil its debt obligations, and the worst rating F is for borrowers who have stopped work and/or are bankrupt. In the table below, for loans that are not past due and not individually impaired, rating A and B mean the lowest level of credit risk. Ratings C and D have lower credit quality compared to previous ratings, but loans are not necessarily individually impaired. For loans that are past due or individually impaired, rating D and higher indicates that there is a possibility of delays in loan repayment as a result of adverse changes in commercial, financial and economic conditions. Rating E and F or no rating means that there is a high probability of default of loan, the borrower's financial porsition is poor, activity is loss making or ceased.

	Neither past due nor individually impaired			*Past due or individually impaired*		
***As 30 June 2015* (unaudited)**	*Rating A and B*	*Rating C*	*Rating D and lower*	*Rating D and higher*	*Rating E and F or no rating*	*Total*
Loans to corporate customers:						
Commercial loans	1,493,142	19,611,693	22,053,303	11,538,876	31,687,126	86,384,140
Overdrafts	36,437	148,375	23,662	-	-	208,474
Finance lease receivables	2,859	-	594	-	26,064	29,517
Promissory notes	8,826	-	11,018	-	-	19,844
	1,541,264	19,760,068	22,088,577	11,538,876	31,713,190	86,641,975
Loans to individuals	22,533	82,866	228,357	19,664	860,430	1,213,850
Total	**1,563,797**	**19,842,934**	**22,316,934**	**11,558,540**	**32,573,620**	**87,855,825**
Provision for impairment	(9,605)	(347,226)	(1,299,960)	(4,081,507)	(26,981,710)	(32,720,008)
Total after provision for impairment	**1,554,192**	**19,495,708**	**21,016,974**	**7,477,033**	**5,591,910**	**55,135,817**

(thousands of Ukrainian hryvnia, unless otherwise stated)

	Neither past due nor individually impaired			*Past due or individually impaired*		
At 31 December 2014	***Rating A and B***	***Rating C***	***Rating D and lower***	***Rating D and higher***	***Rating E and F or no rating***	***Total***
Loans to corporate customers:						
Commercial loans	5,382,773	16,824,599	18,260,493	15,376,714	15,972,826	71,817,405
Overdrafts	97,868	184,064	11,440	10,425	-	303,797
Finance lease receivables	-	11,097	633	-	10,452	22,182
Promissory notes	6,740	-	9,261	-	-	16,001
	5,487,381	17,019,760	18,281,827	15,387,139	15,983,278	72,159,385
Loans to individuals	20,989	103,363	182,893	26,095	668,176	1,001,516
Total	**5,508,370**	**17,123,123**	**18,464,720**	**15,413,234**	**16,651,454**	**73,160,901**
Provision for impairment	(37,807)	(239,092)	(1,147,496)	(8,767,225)	(12,995,489)	(23,187,109)
Total after provision for impairment	**5,470,563**	**16,884,031**	**17,317,224**	**6,646,009**	**3,655,965**	**49,973,792**

It is the Bank's policy to maintain accurate and consistent risk ratings across the credit portfolio. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Bank's rating policy. The attributable risk ratings are assessed and updated regularly.

The ageing analysis of past due but not impaired loans is provided below:

***As 30 June 2015* (unaudited)**	***Less than 30 days***	***From 31 to 60 days***	***From 61 to to 90 days***	***Over 90 days***	***Total***
Loans to customers:					
Loans to corporate customers	1,311,674	466,321	161,776	507,804	2,447,575
Loans to individuals	15,167	3,237	3,747	1,636	23,787
Total	**1,326,841**	**469,558**	**165,523**	**509,440**	**2,471,362**

As 31 December 2014	***Less than 30 days***	***From 31 to 60 days***	***From 61 to to 90 days***	***Over 90 days***	***Total***
Loans to customers:					
Loans to corporate customers	2,154,058	85,530	20,342	62,075	2,322,005
Loans to individuals	23,067	2,667	1,432	1,375	28,541
Total	**2,177,125**	**88,197**	**21,774**	**63,450**	**2,350,546**

8. Investment securities

As at 30 June 2015, investment securities designated at fair value through profit and loss presented Ukrainian state bonds, principal of which will be indexed according to increases in the average interbank exchange rate of Hryvnia to United States dollar per month, prior to the month of issue, and the average exchange rate of Hryvnia to United States dollar per month, prior to maturity month. The Bank decided not to separate an embedded derivative instrument and to evaluate an instrument as a whole at its fair value, recognising revaluation as profit or loss.

Investment securities designated at fair value through profit and loss also include investments into corporate bonds with zero fair value. This portfolio is managed based on fair value taking into account risks involved, and the results are reported on this basis to key management personnel.

Available-for-sale investment securities comprise:

	30 June 2015 (unaudited)	***31 December 2014***
Ukrainian state bonds	39,083,242	30,214,641
Corporate bonds	6,608,759	7,156,304
Municipal entities	3,043,730	3,043,563
Corporate shares	11,690	11,691
Available-for-sale investments	**48,747,421**	**40,426,199**

(thousands of Ukrainian hryvnia, unless otherwise stated)

As at 30 June 2015, available-for-sale investment securities with a carrying value of UAH 3,615,744 thousand are pledged as collateral under loans received from the NBU (31 December 2014: UAH 1,635,455 thousand) (Note 11).

As at 31 December 2014, available-for-sale investment securities with a carrying value of UAH 808,541 thousand are pledged as collateral under repurchase agreements with the NBU (Note 11).

The Bank recognised UAH 476,057 thousand impairment loss as of 31 Decemebr 2014 for included in available-for-sale investments bonds of one Ukrainian bank, which was recognised as insolvent in March 2015. Further impairment loss of UAH 472,930 thousand was booked during 1 quarter 2015. As at 30 June 2015 carrying value of these bonds was zero.

Held-to-maturity investment securities comprise the following:

	30 June 2015 (unaudited)		*31 December 2014*	
	Nominal value	*Carrying value*	*Nominal value*	*Carrying value*
Corporate bonds	503,416	599,232	776,183	820,866
Held-to-maturity investments		**599,232**		**820,866**

As at 30 June 2015, held-to-maturity investment securities with a carrying value of UAH 454,841 thousand are pledged as collateral under loans received from the NBU (31 December 2014: UAH 820,866 thousand) (Note 11).

9. Investment property

The movements of investment property are as follows:

	Investment property
As 1 January 2015	**1,986,087**
Transfers from PPE	3,794
As 30 June 2015 (unaudited)	**1,989,881**
As 1 January 2014	**3,666,666**
Transfers from PPE	41,156
Additions	6,937
Disposals	(277)
As 30 June 2014 (unaudited)	**3,714,482**

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

	30 June 2015 (unaudited)	*31 December 2014*
Less than 1 year	15,493	15,487
From 1 to 5 years	17,035	20,106
Future minimum receivables under non-cancellable operating lease	32,528	35,593

During six months ended 30 June 2015 the Bank has recognised rental income of UAH 14,663 thousand (six months ended 30 June 2014: UAH 15,540 thousand), included in other income in the consolidated statement of profit and loss (the consolidated income statement).

(thousands of Ukrainian hryvnia, unless otherwise stated)

10. Other impairment and provisions

The movements in other impairment and provisions are as follows:

	Investment securities held to maturity	*Other assets*	*Guarantees and commitments*	*Total*
At 1 January 2014	**18,236**	**44,157**	**-**	**62,393**
Translation differences	-	2,355	2,977	5,332
Charge/(reversal) for the period	(18,236)	8,299	(2,977)	(12,914)
Amounts written-off	-	(16)	-	(16)
At 30 June 2014 *(unaudited)*	**-**	**54,795**	**-**	**54,795**
At 1 January 2015	**-**	**230,695**	**400**	**231,095**
Translation differences	-	2,373	(14,797)	(12,424)
Charge for the period	-	48,254	154,178	202,432
At 30 June 2015 *(unaudited)*	**-**	**281,322**	**139,781**	**421,103**

Allowances for impairment of assets are deducted from the related assets. Provisions are recognised in liabilities.

11. Amounts due to the National Bank of Ukraine

Amounts due to the National Bank of Ukraine were as follows:

	30 June 2015 (unaudited)	*31 December 2014*
Loans due to the National Bank of Ukraine	4,097,389	4,445,182
Repurchase agreements	-	801,784
Correspondent account	2,393	2,014
Amounts due to the National Bank of Ukraine	**4,099,782**	**5,248,980**

As at 30 June 2015, the Bank has no repurchase agreements with the NBU (31 December 2014: UAH 801,784 thousand, the subject of this agreement were Ukrainian state bonds with the fair value of UAH 808,541 thousand) (Note 8).

Loans due to the NBU are secured with loans to customers (Note 7) and investment securities (Note 8).

12. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	30 June 2015 (unaudited)	*31 December 2014*
Current accounts		
Ukrainian banks	761,687	1,888,478
OECD banks	3,243	854
CIS and other banks	1,703	33,365
	766,633	1,922,697
Loans and deposits		
International financial institutions	13,955,402	11,191,711
OECD banks	3,862,518	3,176,271
Ukrainian banks	192,605	264,652
	18,010,525	14,632,634
Other amounts due to credit institutions	1,550	1,124
Amounts due to credit institutions	18,778,708	16,556,455
Held as security against guarantees (Note 16)	40,531	44,557

For the purposes of the consolidated cash flow statement presentation, the Bank allocates funds attracted from credit institutions between operating and financing cash flows. Funds raised from the Ukrainian banks consist of guarantee deposits and are included in the category of funds for operational activities, and funds from foreign banks, received for longer-term funding purposes, for financing activities.

13. Amounts due to customers

Amounts due to customers comprise:

	30 June 2015 (unaudited)	*31 December 2014*
Current accounts		
Legal entities	11,917,308	10,368,656
Budget organizations	3,877,572	2,390,125
Individuals	3,905,557	2,479,182
Funds under the Bank's management	13,737	17,055
	19,714,174	**15,255,018**
Time deposits		
Legal entities	32,308,268	27,444,607
Individuals	19,681,269	19,295,504
Budget organizations	27,254	-
	52,016,791	**46,740,111**
Amounts due to customers	**71,730,965**	**61,995,129**
Held as security against loans to customers	802,179	907,144
Held as security against letters of credit (Note 16)	212,879	188,135
Held as security against guarantees and avals (Note 16)	565,087	291,110
Held as security against undrawn loan commitments (Note 16)	3,770	19,932

14. Eurobonds issued

	30 June 2015 (unaudited)		*31 December 2014*	
	Nominal value (thousand of USD)	*Carrying value*	*Nominal value (thousand of USD)*	*Carrying value*
April 2010 issue	500,000	10,663,846	500,000	7,998,928
October 2010 issue	250,000	5,331,923	250,000	3,999,464
January 2013 issue	500,000	10,852,186	500,000	8,138,406
April 2013 issue	100,000	2,170,437	100,000	1,627,681
Eurobonds issued		**29,018,392**		**21,764,479**

In April 2010, the Bank, through BIZ Finance PLC (consolidated structured company registered in the United Kingdom), issued Eurobonds in the form of loan participation notes with a par value of USD 500,000 thousand (UAH 3,996,500 thousand at the exchange rate at the date of issue). The bonds carry a fixed coupon rate of 8.375% p.a. and mature in July 2015.

In October 2010, the Bank, through BIZ Finance PLC, issued Eurobonds in the form of loan participation notes with a par value of USD 250,000 thousand (UAH 1,998,250 thousand at the exchange rate at the date of issue). The bonds carry a fixed coupon rate of 8.375% p.a. and mature in July 2015 and were consolidated and form a single series with the notes issued in April 2010.

In February 2011, the Bank, through BIZ Finance PLC, issued Eurobonds in the form of deposit linked notes in UAH 1,250 thousand denominations with a total nominal value for the issue of UAH 2,385,050 thousand. The bonds carry a fixed coupon rate of 11% p.a. The bonds were repaid on maturity in February 2014.

In January 2013, the Bank, through BIZ Finance PLC, issued Eurobonds in the form of loan participation notes with a par value of USD 500,000 thousand (UAH 3,996,500 thousand at the exchange rate at the date of issue). The bonds carry a fixed coupon rate of 8.75% p.a. and mature in January 2018.

(thousands of Ukrainian hryvnia, unless otherwise stated)

In April 2013, the Bank, through BIZ Finance PLC, issued Eurobonds in the form of loan participation notes with a par value of USD 100,000 thousand (UAH 799,300 thousand at the exchange rate at the date of issue). The bonds carry a fixed coupon rate of 8.75% p.a. The bonds mature in January 2018 and were consolidated and form a single series with the notes issued in January 2013.

All Eurobonds issued are subject to various covenants and restrictions.

On 27 April 2015 holders of the USD 750,000,000 8.375 per cent. Loan Participation Notes due 2015 issued by Biz Finance PLC (the "Notes") approved the Extraordinary Resolution set out in the consent solicitation memorandum dated 27 March 2015. By approving the Extraordinary Resolution, holders of the Notes have, among other things, consented to extension of the maturity of the Notes and the underlying loan to 27 July 2015.

On 8 June 2015 BIZ Finance PLC, at the request and under the instructions of the Bank, commenced consent solicitation from the holders of the notes in order to extent the maturity on the notes by seven years with the conditions, reflected in the memorandum for receiving the approving from the 8th of June.

Information on the subsequent events after the reporting period, which relates to Eurobonds, are disclosed in Note 20.

15. Equity

As at 30 June 2015, the Bank's authorised issued share capital comprised 14,834,780 (31 December 2014: 11,414,901) ordinary shares with a nominal value of UAH 1,462.04 per share (31 December 2014: 1,462.04 per share). All shares have equal voting rights. As at 30 June 2015 14,834,780 shares were fully paid and registered (31 December 2014: shares were fully paid and registered).

In May 2014, in accordance with the legislation of Ukraine, the Bank made a profit distribution to shareholders in the amount of UAH 100,310 thousand.

In December 2014, according to the Resolution of the Cabinet of Ministers of Ukraine No 713 dated 29 December 2014 the Bank's share capital was increased by UAH 5,000,000 thousand through issue of 3,419,879 new shares with nominal value of UAH 1,462.04 each with 100% of these shares kept by the State. As at 31 December 2014 these shares were not yet registered and therefore were included in "Unregistered contributions to share capital". In March 2015 after shares registration share capital was increased by UAH 5,000,000 thousand.

16. Commitments and contingent financial liabilities

Commitments and contingent financial liabilities comprise the following:

	30 June 2015 (unaudited)	*31 December 2014*
Letters of credit	215,985	536,425
Guarantees	5,569,825	2,215,425
Avals on promissory notes	152,883	39,835
Undrawn loan commitments	234,496	259,545
	6,173,189	**3,051,230**
Less – Provisions	(139,781)	(400)
Financial commitments and contingencies (before deducting collateral)	**6,033,408**	**3,050,830**
Less — cash held as security against letters of credit, avals and guarantees, and undrawn loan commitments (Notes 12,13)	(822,267)	(543,734)
Financial commitments and contingencies	**5,211,141**	**2,507,096**

(thousands of Ukrainian hryvnia, unless otherwise stated)

17. Fair value of financial instruments

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

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

	30 June 2015 (unaudited)			31 December 2014		
	Carrying value	Fair value	Unrecognised gain / (loss)	Carrying value	Fair value	Unrecognised gain / (loss)
Financial assets						
Cash and cash equivalents	17,390,938	17,390,938	-	16,790,414	16,790,414	-
Amounts due from credit institutions	1,861,526	1,861,526	-	1,850,743	1,850,743	-
Loans to customers	55,135,817	51,903,356	(3,232,461)	49,973,792	47,710,209	(2,263,583)
Securities held to maturity	599,232	607,561	8,329	820,866	808,989	(11,877)
Other assets	166,062	166,062	-	48,697	48,697	-
Financial liabilities						
Amounts due to the National Bank of Ukraine	4,099,782	4,099,782	-	5,248,980	5,248,980	-
Amounts due to credit institutions	18,778,708	18,778,708	-	16,556,455	16,556,455	-
Amounts due to customers	71,543,232	71,571,562	(28,330)	61,826,567	61,800,361	26,206
Eurobonds issued	29,018,392	22,493,299	6,525,093	21,764,479	15,474,116	6,290,363
Subordinated debt	8,182,805	7,213,215	969,590	6,140,035	5,159,555	980,480
Other liabilities	95,780	95,780	-	66,329	66,329	-
Total unrecognized change in unrealized fair value			**4,242,221**			**5,021,589**

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

Assets for which fair value approximates carrying value

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

Fixed rate financial instruments

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

Fair value of financial assets and liabilities carried at fair value

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

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

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

(thousands of Ukrainian hryvnia, unless otherwise stated)

	Fair value recurring measurements		
As 30 June 2015 (unaudited)	***Level 2***	***Level 3***	***Total***
Current accounts with other credit institutions in precious metals	127,042	-	127,042
Investment securities at fair value through profit or loss	9,529,113	-	9,529,113
Available-for-sale investment securities	48,735,731	11,690	48,747,421
Total assets	**58,391,886**	**11,690**	**58,403,576**
Amounts due to customers in precious metals	187,733	-	187,733
Total liabilities	**187,733**	**-**	**187,733**

As 31 December 2014	***Level 2***	***Level 3***	***Total***
Current accounts with other credit institutions in precious metals	116,908	-	116,908
Investment securities at fair value through profit or loss	6,882,115	-	6,882,115
Available-for-sale investment securities	39,938,451	487,748	40,426,199
Total assets	**46,937,474**	**487,748**	**47,425,222**
Amounts due to customers in precious metals	168,562	-	168,562
Total liabilities	**168,562**	**-**	**168,562**

The Bank assesses whether any transfers between levels of the fair value hierarchy are required at the end of each reporting period. During six months ended 30 June 2015, there was no transfer of financial assets to 3d level of the fair value hierarchy. The Bank measures financial assets by discounting cash flows from these instruments using the rates determined based on non-observable data.

Movements in level 3 assets measured at fair value

The following table shows a reconciliation of the opening and closing amount of Level 3 assets which is recorded at fair value (unaudited):

		Total loss recorded in			
	At 01 January 2015	***consolidated statement of profit and loss***	***other compre-hensive income***	***Proceeds***	***As at 30 June 2015***
Available-for-sale investment securities	487,748	(453,282) [a]	-	(22,776)	11,690
Total assets	**487,748**	**(453,282)**	**-**	**(22,776)**	**11,690**

		Total gain recorded in		
	At 01 January 2014	***consolidated statement of profit and loss***	***other compre-hensive income***	***As at 30 June 2014***
Available-for-sale investment securities	17,268	593[a]	-	17,861
Total assets	**17,268**	**593**	**-**	**17,861**

[a]) UAH 19,649 thousand included in "Interest income from Investment securities other than designated at fair value through profit or loss", and UAH 472,931 thousand of loss is included in losses from available-for-sale investment securities "Losses on impairment" (for six months ended 30 June 2014 UAH 9,748 thousand of gain is included within interest income from investment securities other than designated at fair value through profit or loss, UAH 593 thousand of gain is included in other income and UAH 9,748 thousand of loss included in net gains/(losses) from investment securities available for sale as impairment loss).

(thousands of Ukrainian hryvnia, unless otherwise stated)

The table below shows the quantitative information as at 30 June 2015 about significant unobservable inputs used for the fair valuation of assets classified as those of the 3 level of the fair value hierarchy:

As 30 June 2015 (unaudited)	*Carrying value*	*Valuation technique*	*Unobservable parameter*	*Range of parameter values*
Available-for-sale investment securities	11,690	Discounted cash flows	Expected profitability	Corporate: 5% - 32%
			Risk factor (probability of default)	Corporate: 0 – 1.0

Total gains and losses included and profit or loss for the period:

	For six months 2015 (unaudited)		
	Realised gains	*Unealised losses*	*Total*
Total gains and losses included in profit and loss for the period	14,161	(467,443)	(453,282)

Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions

In order to determine possible alternative assumptions, the Bank uses key unobservable inputs as follows:

- For equities, the Bank adjusted the assumptions as to the possibility of bankruptcy or losses that were used to determine the credit component in fair value. The adjustment made was to increase the assumption up to 100% subject to individual characteristics of the investee;
- For debt securities classified as level 3, the Bank adjusted the probability of changes in interest rate assumption applied for discounting cash flows from debt securities within the range of +/- 30% (30 June 2014: +/- 30%) of the level as at the end of the reporting period.

18. Related party disclosures

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. The terms and conditions of such transactions may differ from those between unrelated parties.

Transactions and balances with related parties comprise transactions with entities owned, both directly and indirectly, by Ukrainian government, and key management personnel.

The outstanding balances with key management personnel as at 30 June 2015 and 31 December 2014, and related income and expense for six months ended 30 June 2015 nd 30 June 2014 are as follows:

	30 June 2015 (unaudited)	*31 December 2014*
Loans to customers, gross	41	-
Less: allowance for impairment	(1)	-
Loans to customers, net	**40**	**-**
Current accounts	23,922	18,160
Time deposits	1,186	6,016
Amounts due to customers	**25,108**	**24,176**

(thousands of Ukrainian hryvnia, unless otherwise stated)

	For six months ended 30 June *2015* *(unaudited)*	*2014*
Interest income on loans	1	1
Interest expense on customers' deposits	(71)	(708)
Translation differences	(7,630)	(6,278)

The total remuneration and other benefits paid to key management personnel for six months ended 30 June 2015 is UAH 10,908 thousand (including UAH 149 thousand of payment to the non-state pension fund) (for six months ended 30 June 2014: UAH 14,693 thousand (including UAH 207 thousand of payment to the non-state pension fund)).

In the normal course of business, the Bank enters into contractual agreements with the Government of Ukraine and entities controlled, either directly or indirectly, or significantly influenced by 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, transactions with securities, cash and settlement transactions.

Balances with government-related entities which are individually significant in terms of the carrying amount as at 30 June 2015 (unaudited) are disclosed below:

Client	*Sector*	*Cash and cash equivalents*	*Loans to customers*	*Amounts due to customers*	*Amounts due to the NBU*	*Guarantees issued*
Client 1	State entities	-	-	1,705,871	-	-
Client 2	State entities	-	-	1,287,688	-	-
Client 3	Finance	2,778,010	-	-	4,099,782	-
Client 4	Finance	780,966	-	-	-	-
Client 5	Extractive industry	-	8,146,270	-	-	-
Client 6	Extractive industry	-	945,257	-	-	-
Client 7	Agriculture and food industry	-	-	24,419,977	-	-
Client 8	Road construction	-	1,486,263	-	-	-
Client 9	Trade	-	-	-	-	641,831
Client 10	Trade	-	-	1,174,368	-	1,419,409
Client 11	Power engineering	-	1,918,874	-	-	-
Client 12	Mechanical engineering	-	1,685,056	-	-	415,103
Client 13	Transport and communications	-	791,842	-	-	-
Client 14	Transport and communications	-	-	543,269	-	-
Other	-	-	561,659	5,297,476	-	-

Balances with government-related entities which are individually significant in terms of the carrying amount as at 31 December 2014 are disclosed below:

Client	*Sector*	*Cash and cash equivalents*	*Due from credit institutions*	*Loans to customers*	*Amounts due to customers*	*Amounts due to the NBU*	*Guarantees issued*
Client 1	State entities	-	-	-	1,395,399	-	-
Client 3	Finance	2,128,691	-	-	-	5,248,980	-
Client 4	Finance	-	790,000	-	-	-	-
Client 5	Extractive industry	-	-	6,214,992	-	-	-
Client 6	Extractive industry	-	-	708,723	-	-	-
Client 7	Agriculture and food industry	-	-	-	16,507,911	-	-
Client 8	Road construction	-	-	2,067,172	-	-	-
Client 9	Trade	-	-	-	-	-	168,001
Client 10	Trade	-	-	-	518,716	-	650,822
Client 15	Trade	-	-	-	448,793	-	-
Client 11	Power engineering	-	-	1,330,652	-	-	36,482
Client 12	Mechanical engineering	-	-	1,044,373	-	-	315,295
Client 13	Transport and communications	-	-	712,751	-	-	-
Client 14	Transport and communications	-	-	-	467,988	-	-

(thousands of Ukrainian hryvnia, unless otherwise stated)

Client	*Sector*	*Cash and cash equivalents*	*Due from credit institutions*	*Loans to customers*	*Amounts due to customers*	*Amounts due to the NBU*	*Guarantees issued*
Other	-	-	-	603,443	4,243,958	-	-

For the six-month period ended 30 June 2015, the Bank recorded UAH 1,108,770 thousand (six months 2014: UAH 697,520 thousand) of interest income, including interest income from operations with the NBU deposit certificates with maturity up to 90 days – UAH 12,945 thousand (for the six month period 2014: none) and UAH 1,477,144 thousand (six months 2014: UAH 1,043,600 thousand) of interest expenses from transactions with the government-related entities.

As at 30 June 2015 and 31 December 2014, the Bank's investments in debt securities issued by the government or the government-related corporate entities were as follows:

	30 June 2015 (unaudited)	*31 December 2014*
Available-for-sale investment securities	43,355,392	34,585,181
Investment securities at fair value through profit or loss	9,529,113	6,882,115
Investment securities held to maturity	599,232	820,866

For the six-month period ended 30 June 2015, the Bank recorded UAH 1,738,261 thousand (for the six month period 2014: UAH 988,434 thousand) of interest income from transactions with government bonds, and UAH 441,462 thousand from transactions with other investment securities (for the six-month period 2014: UAH 442,717 thousand).

19. Capital adequacy

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

As at 30 June the Bank's regulatory capital adequacy ratio on this basis was as follows:

	30 June 2015 (unaudited)	*31 December 2014*
Main capital	6,557,467	10,918,490
Additional capital	5,651,245	5,646,643
Total capital	**12,208,712**	**16,565,133**
Risk weighted assets	**101,136,581**	**89,483,029**
Capital adequacy ratio	12.07%	18.51%

Regulatory capital comprises Tier 1 capital (Main capital) consisting of paid-in registered share capital plus reserves less expected losses and Tier 2 capital (Additional capital), consisting of provisions against highest quality credit operations, asset revaluation reserve, current year profit, subordinated debt 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 Bank's capital adequacy ratios, computed in accordance with the Basel Capital Accord 1988 were as follows:

	30 June 2015 (unaudited)	*31 December 2014*
Tier 1 capital	4,838,014	10,319,983
Tier 2 capital	4,838,014	4,803,520
Total capital	**9,676,028**	**15,123,503**
Risk weighted assets	**85,547,340**	**84,901,881**
Tier 1 capital ratio	5.66%	12.16%
Total capital ratio	11.31%	17.81%

As disclosed in Note 8, the Bank's securities portfolio includes investment securities designated at fair value through profit and loss which represent Ukrainian state bonds, principal of which will be indexed according to increases in the average interbank exchange rate of Hryvnia to United States dollar per month, prior to the month of issue, and the average exchange rate of Hryvnia to United States dollar per month, prior to maturity month. In 2015 there was repayment of part of these bonds and the Bank realised in cash the respective difference in exchange rate. Taking this into account, the Bank considers these bonds as a hedging instrument and thus includes them in the calculation of currency risk for the purposes of capital adequacy ratio.

20. Subsequent events

On 7 July 2015 holders of the Loan Participation Notes issued with maturity date in 2015 and 2018 by Biz Finance PLC (the "Notes") approved the Extraordinary Resolution set out in the consent solicitation memorandum dated 8 June 2015. By approving the Extraordinary Resolution, holders of the Notes have, among other things, consented reprofiling of these notes on the following conditions:

(i) for the Notes with maturity date in 2015 to make changes concerning the extension of maturity for seven years up to 27 April 2022, increasing the coupon rate to 9.625% p.a. and introduction of the repayment schedule, according to which: (a) the 50% of the principal amount of the Notes with maturity date in 2015 should be repayed on 27 April 2019; (b) the rest of principal amount of the Notes with maturity date in 2015 should be repayed with six equal semi-annual payments, beginning on 27 October 2019, and with the last payment on 27 April 2022;

(ii) for the Notes with maturity date in 2018 to make changes concerning the extension of maturity for seven years up to 22 January 2025, increasing the coupon rate to 9.75% p.a. and introduction of the repayment schedule, according to which: (a) the 50% of the principal amount of the Notes with maturity date in 2018 should be repayed on 22 January 2021; (b) the rest of principal amount of the Notes with maturity date in 2018 should be repayed with eight equal semi-annual payments, beginning on the 22 July 2021, and with the last payment on 22 January 2025.

In addition, on 7 July 2015 holders of the USD 125,000,000 Loan Participation Notes issued in 2006 for the purpose of funding the subordinated debt (the "Subordinated Notes") by Credit Suisse International without right of return requirement, the issuer is Biz Finance PLC, approved the Extraordinary Resolution set out in the consent solicitation memorandum dated 8 June 2015. By approving the Extraordinary Resolution, holders of the Subordinated Notes have, among other things, consented reprofiling of these Subordinated Notes on the following conditions: for the Subordinated Notes with maturity date in 2016 to make changes concerning the extension of maturity for seven years up to 9 February 2023, increasing the coupon rate to 6-months Libor rate +7% p.a. and introduction of the repayment schedule, according to which: (a) the 50% of the principal amount of the Subordinated Notes with maturity date in 2016 should be repayed on 9 February 2020; (b) the rest of principal amount of the Subordinated Notes with maturity date in 2016 should be repayed with six equal semi-annual payments, beginning on 9 August 2020, and with the last payment on 9 February 2023.