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

Interim condensed consolidated financial statements

For six months ended 30 June 2018

Translation from Ukrainian original

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Translation from Ukrainian original

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Report on Review of Interim Financial Information

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Public Joint Stock Company "The State Export-Import Bank of Ukraine" and its subsidiaries (together referred to as "the Bank"), which comprise the interim condensed consolidated statement of financial position as at 30 June 2018 and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three- and six-month periods then ended, changes in equity and cash flows for the six-month period then ended, and selected explanatory notes (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim 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 financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Ernst & Young Audit Services LLC

3 September 2018
Kyiv, Ukraine

A member firm of Ernst & Young Global Limited

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

As at 30 June 2018

(thousands of Ukrainian hryvnia)

	Notes	*30 June 2018 (unaudited)*	*31 December 2017*
Assets			
Cash and cash equivalents	5	19,660,410	19,866,217
Due from credit institutions	8	597,166	699,739
Loans to customers	9	63,055,139	67,607,544
Investment securities:	10		
- at fair value through profit or loss		26,022,680	28,072,289
- available-for-sale		–	48,254,711
- held-to-maturity		–	96,022
- at fair value through other comprehensive income		40,979,311	–
- at amortised cost		73,307	–
Income tax assets		228,195	122,321
Investment property		1,254,969	1,260,398
Property and equipment		1,618,028	1,641,014
Intangible assets		50,453	49,505
Deferred income tax asset		2,138,292	2,138,292
Non-current assets held for sale		43,097	42,005
Other assets	11	4,412,437	767,916
Total assets		**160,133,484**	**170,617,973**
Liabilities			
Amounts due to credit institutions	12	20,780,098	23,283,787
Amounts due to customers	13	86,475,789	90,501,500
Eurobonds issued	14	40,472,545	38,821,831
Subordinated debt		3,381,714	3,615,792
Provision for credit-related commitments	16	87,998	6,168
Other liabilities	11	361,334	324,948
Total liabilities		**151,559,478**	**156,554,026**
Equity			
Share capital	15	38,730,042	38,730,042
Revaluation reserves	15	(515,393)	282,951
Result from transactions with the shareholder	15	635,104	635,104
Accumulated deficit		(30,438,673)	(25,747,076)
Reserve and other funds		162,926	162,926
Total equity		**8,574,006**	**14,063,947**
Total equity and liabilities		**160,133,484**	**170,617,973**

Authorised for release and signed

28 August 2018

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

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

V.M. Medko 247-89-16

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

For six months ended 30 June 2018

(thousands of Ukrainian hryvnia)

		2018		*2017*	
		For three months ended 30 June	*For six months ended 30 June*	*For three months ended 30 June*	*For six months ended 30 June*
	Notes	*(unaudited)*			
Interest income					
Loans to customers at amortised cost		1,818,955	3,501,526	1,731,378	3,542,072
Investment securities at fair value through profit or loss		305,735	608,112	305,745	588,530
Investment securities other than at fair value through profit or loss		–	–	1,156,063	2,020,586
Investment securities at fair value through other comprehensive income		725,396	1,513,153	–	–
Investment securities at amortised cost		3,161	6,489	–	–
Due from credit institutions at amortised cost		30,564	94,064	34,616	125,129
		2,883,811	**5,723,344**	**3,227,802**	**6,276,317**
Interest expense					
Amounts due to customers		(912,178)	(1,847,062)	(1,188,399)	(2,226,101)
Eurobonds issued		(1,033,249)	(1,977,795)	(869,962)	(1,754,121)
Amounts due to credit institutions		(331,642)	(627,914)	(364,135)	(657,079)
Subordinated debt		(74,417)	(148,943)	(69,394)	(139,015)
		(2,351,486)	**(4,601,714)**	**(2,491,890)**	**(4,776,316)**
Net interest income		**532,325**	**1,121,630**	**735,912**	**1,500,001**
Net losses on derecognition of financial assets measured at amortised cost		(619,620)	(508,077)	–	–
Allowance for loan impairment charge	7	–	–	(533,407)	(1,086,555)
Allowances for other impairment and provisions	7	–	–	(3,595)	2,736
Reversal of financial assets impairment	7	815,376	560,895	–	–
Net losses on increase in provisions for credit-related commitments		(20,632)	(28,650)	–	–
Commission income	16	235,757	466,742	228,961	448,374
Commission expense	16	(84,109)	(167,758)	(83,152)	(157,567)
Net losses on investment securities measured at fair value through profit or loss		(441,328)	(2,046,242)	(516,348)	(575,240)
Net losses on available-for-sale investment securities:					
- dealing		–	–	(14)	(14)
- reversal/(losses) on impairment		–	–	10,327	(2,376)
- losses reclassified from statement of comprehensive income on settlement		–	–	(44,468)	(44,468)

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

		2018		*2017*	
		For three months ended 30 June	*For six months ended 30 June*	*For three months ended 30 June*	*For six months ended 30 June*
	Notes	*(unaudited)*			
Net losses on investment securities at fair value through other comprehensive income reclassified from statement of comprehensive income on redemption		(474)	(42,104)	–	–
Net gains from transactions with foreign currencies:					
- dealing		118,458	156,561	101,597	219,182
- translation differences		370,849	2,060,088	920,210	1,144,561
Net gains/(losses) from precious metals:					
- dealing		66	192	427	462
- changes in fair values		(324)	(828)	223	(366)
Other income		25,629	51,811	63,052	93,962
Personnel expenses	17	(323,019)	(590,464)	(227,747)	(398,446)
Depreciation and amortisation		(23,663)	(49,054)	(24,448)	(50,229)
Other operating expenses	17	(164,133)	(335,942)	(162,105)	(306,463)
Profit before tax		**421,158**	**648,800**	**465,425**	**787,554**
Income tax expenses		(1)	(4)	(56,666)	(57,331)
Profit for the period		**421,157**	**648,796**	**408,759**	**730,223**

Authorised for release and signed

28 August 2018

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

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

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For six months ended 30 June 2018

(thousands of Ukrainian hryvnia)

	2018		*2017*	
	For three months ended 30 June	*For six months ended 30 June*	*For three months ended 30 June*	*For six months ended 30 June*
	(unaudited)			
Profit for the period	**421,157**	**648,796**	**408,759**	**730,223**
Other comprehensive (loss)/income				
Other comprehensive (loss)/income to be reclassified through the consolidated statement of profit and loss in the next periods				
Net losses on investment securities available-for-sale (Note 15)	–	–	(588,503)	(353,827)
Net income/(losses) on investment securities at fair value through other comprehensive income (Note 15)	60,797	(720,540)	–	–
Income tax related to components of other comprehensive income	–	–	–	–
Other comprehensive inocme/(loss) for the period	**60,797**	**(720,540)**	**(588,503)**	**(353,827)**
Total comprehensive income/(loss) for the period	**481,954**	**(71,744)**	**(179,744)**	**376,396**

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28 August 2018

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

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

For six months ended 30 June 2018

(thousands of Ukrainian hryvnia)

	Share capital	*Revaluation reserve*	*Result from transactions with the shareholder*	*Accu-mulated deficit*	*Reserve and other funds*	*Total equity*
At 31 December 2016	**31,008,041**	**725,335**	**–**	**(26,536,036)**	**162,926**	**5,360,266**
Profit for the period	–	–	–	730,223	–	730,223
Other comprehensive loss for the period	–	(353,827)	–	–	–	(353,827)
Total comprehensive income for the period	**–**	**(353,827)**	**–**	**730,223**	**–**	**376,396**
Initial recognition of government bonds received as a contribution of the shareholder (Note 15)	–	–	635,104	–	–	635,104
Depreciation of revaluation reserve, net of tax	–	(9,200)	–	9,200	–	–
Increase in share capital (Note 15)	7,722,001	–	–	–	–	7,722,001
At 30 June 2017 (unaudited)	**38,730,042**	**362,308**	**635,104**	**(25,796,613)**	**162,926**	**14,093,767**
At 31 December 2017	**38,730,042**	**282,951**	**635,104**	**(25,747,076)**	**162,926**	**14,063,947**
Effect of application of IFRS 9 (Note 3)	–	(71,168)	–	(4,758,996)	–	(4,830,164)
Opening balance recalculated in accordance with IFRS 9	**38,730,042**	**211,783**	**635,104**	**(30,506,072)**	**162,926**	**9,233,783**
Profit for the period	–	–	–	648,796	–	648,796
Other comprehensive loss for the period	–	(720,540)	–	–	–	(720,540)
Total comprehensive loss for the period	**–**	**(720,540)**	**–**	**648,796**	**–**	**(71,744)**
Depreciation of revaluation reserve, net of tax	–	(6,636)	–	6,636	–	–
Profit distributed for payment of dividends (Note 15)	–	–	–	(588,033)	–	(588,033)
At 30 June 2018 (unaudited)	**38,730,042**	**(515,393)**	**635,104**	**(30,438,673)**	**162,926**	**8,574,006**

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28 August 2018

Chairman of the Board O.V. Hrytsenko

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

V.M. Medko 247-89-16

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (direct method)

For six months ended 30 June 2018

(thousands of Ukrainian hryvnia)

		For the period ended 30 June	
		2018	*2017*
	Notes	*(unaudited)*	
Cash flows from operating activities			
Interest received		5,295,259	5,348,623
Interest paid		(4,296,283)	(4,695,004)
Commissions received		427,874	452,241
Commissions paid		(167,498)	(157,297)
Result from dealing in foreign currencies and precious metals		156,753	219,644
Personnel expenses		(638,612)	(413,068)
Other operating income received		50,159	51,765
Other operating and administrative expenses paid		(316,672)	(304,577)
Cash flow from operating activities before changes in operating assets and liabilities		**510,980**	**502,327**
Net (increase)/decrease in operating assets:			
Due from credit institutions		50,252	436,188
Loans to customers		(987,939)	(114,805)
Other assets		(3,737,980)	(97,284)
Net increase/(decrease) in operating liabilities			
Amounts due to credit institutions		(171,806)	(978,027)
Amounts due to the National Bank of Ukraine		(2,424)	73
Amounts due to customers		(1,809,096)	5,749,550
Other liabilities		85,176	18,426
Net cash flows from operating activities before income tax		**(6,062,837)**	**5,516,448**
Income tax paid	15	(105,879)	(666)
Net cash flows from operating activities		**(6,168,716)**	**5,515,782**
Cash flows from investing activities			
Proceeds from sale and redemption of investment securities		24,714,039	4,811,528
Purchase of investment securities		(20,436,037)	(46,847)
Dividends received		560	92
Purchases of property, equipment and intangible assets		(27,044)	(22,373)
Proceeds from sale of property and equipment		–	130,997
Proceeds from sale of investment property		–	13,709
Net cash flows from investing activities		**4,251,518**	**4,887,106**
Cash flows from financing activities	6		
Part of profit allocated for payment of dividends		(588,033)	–
Proceeds from Eurobonds issued		4,020,167	–
Proceeds from borrowings from credit institutions		1,352,797	340,012
Repayment of borrowings from credit institutions		(2,308,077)	(1,575,962)
Net cash flows from financing activities		**2,476,854**	**(1,235,950)**
Effect of exchange rates changes on cash and cash equivalents		(762,736)	(262,406)
Effect of exchange rates changes on cash and cash equivalents		(2,727)	–
Net change in cash and cash equivalents		**(205,807)**	**8,904,532**
Cash and cash equivalents, 1 January		19,866,217	21,378,517
Cash and cash equivalents, 30 June	5	**19,660,410**	**30,283,049**

Authorised for release and signed

28 August 2018

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

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

V.M. Medko 247-89-16

(thousands of Ukrainian hryvnia, unless otherwise stated)

1. Principal activities

Joint Stock Company "The State Export-Import Bank of Ukraine" (hereinafter – "UkrEximBank") was founded in 1992. UkrEximBank operates under banking licence No. 2 dated 5 October 2011 and a general licence of the National Bank of Ukraine to conduct foreign currency transactions No. 2-2 dated 18 November 2016.

As at 30 June 2018 and 31 December 2017, 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 located in Kyiv at 127 Antonovycha Str. It has 24 branches and 41 operating outlets (31 December 2017: 24 branches and 41 operating outlets) and two representative offices located in London and New-York. UkrEximBank and its branches form a single legal entity.

Traditionally, the main focus of UkrEximBank'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 its customers.

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

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

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

"Eximleasing" LLC, a 100% owned subsidiary was founded in 2006 and registered in Ukraine, and operates in the trading and leasing business.

2. Basis of preparation and summary of accounting policies

Basis of preparation

These interim condensed consolidated financial statements for six months ended 30 June 2018 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 2017, 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.

Operating environment

The Ukrainian economy is open and deemed to be of market status with certain characteristics of an economy in transition, and it has critical dependence on world commodity prices and low levels of liquidity in the capital markets. Under such circumstances, high risks not typical of mature markets are inherent in banking in Ukraine.

2. Basis of preparation and summary of accounting policies (continued)

Operating environment (continued)

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

The increase in exports of goods and services in the first six months of 2018 was encouraged by the ongoing upward trend in prices for the key goods exported by Ukraine regardless of the correction of certain commodity markets.

Energy price growth, expansion of the investment and consumer demand against the increased overall volatility in the global commodity and financial markets resulted in a surge in imports of goods and services.

The external trade deficit was compensated by receipt of currency to the financial account and increase of private transfers from abroad, which contributed to maintenance of exchange rate stability in Ukraine. As at 30 June of 2018, the official UAH/USD exchange rate was UAH 26.19 to 1 US Dollar (31 December 2017: UAH 28.07 to 1 US Dollar).

The domestic demand growth supported by salary increase and international trade enhancement facilitated an upward development of most economic activities and overall recovery of the Ukrainian economy (GDP growth reported during 10 consecutive quarters). In particular, during the first six months of the current year the industrial production in Ukraine grew by 2.5%, retail turnover grew by 6.2%, scope of completed construction works grew by 2.8%.

Due to continuous growth of administratively regulated prices and tariffs, manufacturers' selling prices for industrial products, prices for food products and services, the inflationary rate remained relatively high. According to the State Statistics Service, consumer inflation was 4.4% in January-June of the current year (until December 2017). Under such conditions, the NBU continued its stringent monetary policy with a high discount rate kept.

Continuous growth in non-performing loans with insufficient protection of creditors' rights and respective high credit risks caused low lending activity of banks in Ukraine. As such, a liquidity surplus available within the banking system was mostly invested in low risk financial instruments such as government securities.

Poor financial solvency of the population, low liquidity and low efficiency of Ukrainian enterprises are having a negative impact on borrowers' ability to service and repay debts to the Bank and are restricting the funding possibilities in the domestic market.

Possible escalation of the social and political situation before the presidential and parliamentary election campaign in Ukraine, deterioration of foreign trade and macroeconomic situation overall may negatively affect the financial position and operations of the Bank. Upon receipt of such information, the Bank promptly revises its estimates of future cash flows and implements necessary measures to sustain the Bank's business.

Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Bank's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of the new Standards below effective as at 1 January 2018. The nature and the effect of these changes are disclosed below. The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* and is effective for annual periods beginning on or after 1 January 2018. The Bank has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for 2018.

The Bank recognised the cumulative transition effect in retained earnings on 1 January 2018 and did not restate comparative information. The information about the impact that the application of IFRS 9 has on the Bank's financial statements is disclosed in Note 3.

2. Basis of preparation and summary of accounting policies (continued)

Changes in accounting policies (continued)

(a) Classification and measurement

Under IFRS 9, all debt financial assets that do not meet a "solely payment of principal and interest" (SPPI) criterion, are classified at initial recognition as fair value through profit or loss (FVPL). Under this criterion, the debt instruments that do not correspond to a "basic lending arrangement", such as Ukrainian state bonds that provide for indexation of the nominal value by maturity according to the changes in the average interbank exchange rate of Hryvnia to US Dollar per month prior to the date of issue and per month prior to the maturity date (Note 10), are measured at FVPL. For debt financial assets that meet the SPPI criterion, classification at initial recognition is determined based on the business model, under which these instruments are managed:

- Instruments that are managed on a "hold to collect" basis are measured at amortised cost;
- Instruments that are managed on a "hold to collect and for sale" basis are measured at fair value through other comprehensive income (FVOCI);
- Instruments that are managed on other basis, including trading financial assets, will be measured at FVPL.

Equity financial assets are required to be classified at initial recognition as FVPL unless an irrevocable designation is made to classify the instrument as FVOCI. For equity investments classified as FVOCI, all realised and unrealised gains and losses, except for dividend income, are recognised in other comprehensive income with no subsequent reclassification to profit and loss.

The classification and measurement of financial liabilities remain largely unchanged from the current IAS 39 requirements.

The Bank reclassifies all financial assets at fair value only when it changes its business model of management thereof, except for those determined upon initial recognition as measured at FVPL. Reclassification of the equity financial assets and liabilities is impossible.

(b) Impairment

IFRS 9 requires the Bank to record an allowance for expected credit losses (ECL) on all of its debt financial assets at amortised cost or FVOCI, as well as loan commitments and financial guarantees (hereinafter jointly "financial instruments"). Equity instruments are not subject to impairment under IFRS 9.

The allowance is based on the ECL associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case the allowance is based on the ECL over the life of the asset. The 12mECL is the portion of LTECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12mECL are calculated on either an individual basis or a collective basis.

Assessment of whether the credit risk has increased significantly by considering the change in the risk of default occurring over the remaining life of the financial instrument, identification of default events and calculation of allowance is made by the Bank at the end of each reporting period (monthly).

The Bank groups its financial instruments, for which ECL is measured, as described below:

Stage 1	When financial instruments are first recognised, the Bank recognises an allowance based on 12mECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from other Stages.
Stage 2	When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECL. Stage 2 financial instruments also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
Stage 3	Financial instruments considered credit-impaired. For such financial instruments, the Bank records an allowance for the LTECL.
Purchased or originated credit impaired (POCI) assets	Purchased or originated credit impaired assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECL are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

(thousands of Ukrainian hryvnia, unless otherwise stated)

2. Basis of preparation and summary of accounting policies (continued)

Changes in accounting policies (continued)

To identify whether the credit risk has increased significantly from the moment of the initial recognition of a financial instrument, the Bank uses the defined lists of the events that have the signs of the increased credit risk. Irrespective of whether or not the events that have the signs of the increased credit risk occur, it is deemed that the performance of financial liabilities delayed for more than 30 days is the evidence that the credit risk has increased significantly from the moment of the initial recognition of a financial instrument.

The Bank considers that the event of default has occurred in relation to a financial instrument and, respectively, allocates such asset to Stage 3 (impaired asset) where the borrower has delayed the performance of its financial liabilities for more than 90 days and where the interest due dates have been restructured (for more than 90 days) or where the borrower has been declared bankrupt.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Probability of Default (PD)	*The Probability of Default* is an estimate of the likelihood of default over a given time horizon.
Exposure at Default (EAD)	*The Exposure at Default* is an estimate of the exposure at default. In the ECL calculation for the entire lifetime of a financial instrument, its expected changes after the reporting date are considered, including the provision / repayment of the debt principal, accrual and payment of interest.
Loss Given Default (LGD)	*The Loss Given Default* is an estimate of the loss arising in the case where a default occurs. LGD is based on the difference between the contractual cash flows due and the one that the Bank would expect to receive, including from the realisation of any collateral.

Depending on the qualities of a financial instrument, the Bank calculates ECL either on an individual basis (scenario analysis) or a collective (portfolio) basis.

The Bank calculates ECLs on an individual basis for all stage 2 or stage 3 assets of the borrowers whose debt to the Bank is significant (equivalent to over UAH 300,000 thousand), of bank borrowers, and the assets, which at the moment of derecognition of an initial instrument and recognition of a new one were classified as POCI. As part of the scenario analysis, the Bank calculates ECL based on the forecast of the cash flows discounted using the effective interest rate with due consideration of the period of cash flow proceeds. During calculation, the likelihood that the scenario will be implemented in an upside case, base and downside cases is considered.

The Bank calculates ECL on a collective (portfolio) basis for all other assets grouped by the respective features, including by the credit risk profile, and uses for calculation the models relevant for the respective group and relies on a broad range of forward looking information as economic inputs.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

For the off-balance sheet financial instruments, the allowance is calculated similar to that for the balance-sheet financial instruments, with due consideration of a conversion rate.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. However, the standard does not apply to revenue associated with financial instruments and leases, and therefore, does not impact the Bank's revenue including interest income, gains/(losses) on operations with investment securities, lease income which are covered by IFRS 9 *Financial Instruments* and IAS 17 *Leases*.

The adoption of IFRS 15 did not impact the Bank's financial position and the results of the Bank's operations.

(thousands of Ukrainian hryvnia, unless otherwise stated)

3. Effect of transition to IFRS 9

Implementation of IFRS 9

The table below represents the reconciliation of the carrying value of financial assets and liabilities when they are transferred from their previous rating categories in IAS 39 to their new rating categories when they are accounted for in accordance with IFRS 9 as at 1 January 2018:

	Measurement under IAS 39			*Remeasurement of expected credit losses (ECL)*	*Measurement under IFRS 9*	
Financial assets/liabilities	***Category***	***Amount***	***Reclassification***		***Category***	***Amount***
Cash and cash equivalents	Loans and receivables	19,866,217	–	–	Amortised cost	19,866,217
Due from credit institutions	Loans and receivables	620,848	–	(35,131)	Amortised cost	585,716
Due from credit institutions	Assets at fair value through profit or loss	78,891	–	–	Fair value through profit or loss	78,891
Loans to customers	Loans and receivables	67,607,544	–	(4,575,706)	Amortised cost	63,031,838
Investment securities:						
- at fair value through profit or loss	Assets at fair value through profit or loss	28,072,289	–		Fair value through profit or loss	28,072,289
- available-for-sale	Assets available-for-sale	48,254,711	(48,254,711)	–	n/a	n/a
to:						
Fair value through other comprehensive income			48,254,711	(7,374)	Fair value through other comprehensive income	48,247,337
- held-to-maturity	Assets held to maturity	96,022	(96,022)	–	n/a	n/a
to:						
- *Amortised cost*			96,022		Amortised cost	96,022
Other financial assets	Loans and receivables	400,758		(156,868)	Amortised cost	243,890
Provision for credit-related commitments	n/a	(6,168)		(55,085)	n/a	(61,253)
Deferred tax asset		–	–	–		–
Total				**(4,830,164)**		

As at 31 December 2017, all financial liabilities of the Bank were accounted for at amortised cost, except the attracted gold-denominated deposits accounted for at FVPL under IAS 39. Since 1 January 2018, all financial liabilities of the Bank have been still classified at amortised cost, except the attracted gold-denominated deposits classified at FVPL under IFRS 9

The table below shows the effect of transition to IFRS 9 on revaluation reserves and accumulated deficit:

	Revaluation reserves and accumulated deficit
Revaluation reserves	
Balance as at 31 December 2017 under IAS 39	282,951
Recognition of expected credit losses for financial assets at FVOCI	(71,168)
Deferred income tax asset	–
Balance as at 1 January 2018 under IFRS 9	**211,783**
Accumulated deficit	
Balance as at 31 December 2017 under IAS 39	**(25,747,076)**
Recognition of expected credit losses for financial assets and credit related commitments	(4,830,164)
Adjustment of allowance for impairment of financial assets at FVOCI (reclassification to revaluation reserves)	71,168
Deferred income tax asset	–
Balance as at 1 January 2018 under IFRS 9	**(30,506,072)**
Total changes in equity due to application of IFRS 9	**(4,830,164)**

(thousands of Ukrainian hryvnia, unless otherwise stated)

3. Effect of transition to IFRS 9 (continued)

Implementation of IFRS 9 (continued)

The following table reconciles the aggregate allowances for impairment of financial assets under IAS 39 and provisions for commitments and contingencies in accordance with IAS 37 to the ECL allowances under IFRS 9:

Financial assets/liabilities	*Allowance for impairment of financial assets and credit related commitments under IAS 39/IAS 37 as at 31 December 2017*	*Other changes*	*Remeasurement of expected credit losses (ECL)*	*Expected credit losses under IFRS 9 as at 1 January 2018*
Due from credit institutions	874,451	12,082 (A)	35,131	921,664
Loans to customers	48,266,639	13,022,903 (A)	4,575,706	65,865,248
Investment securities:				
- available for sale under IAS 39/at FVOCI under IFRS 9, including:				
- debt investment securities	3,431,646	715,207 (A)	7,374	4,154,227
- equity instruments	71,168	(71,168) (B)	–	–
Other financial assets	309,474	–	156,868	466,342
Provision for credit-related commitments	6,168	–	55,085	61,253
Deferred income tax asset	–	–	–	–
	52,959,546	**13,679,024**	**4,830,164**	**71,468,734**

(A) Other changes relate to the recognition of the accrued interest income from the impaired financial assets on a gross basis during the transition to the model of accounting under IFRS 9. Those changes did not affect the carrying values of such financial assets.

(B) Other changes relate to the reclassification of ECL allowance from retained earnings to revaluation reserves during the transition to the model of accounting under IFRS 9. This change did not affect the carrying values of such financial assets.

4. 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.
Interbank 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 (except for part of the open currency position allocated by the Bank for carrying out operations on purchase/sale/conversion of cash foreign currency and precious metals and conversion of non-cash foreign currency);
- The difference between inter-segment revenues and costs of all business lines, obtained as a result of transfer rates.

(thousands of Ukrainian hryvnia, unless otherwise stated)

4. Segment information (continued)

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.

During the six months ended 30 June 2018 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 1,994,855 thousand (30 June 2017: UAH 2,438,284 thousand). Revenues from transactions with this external customer is reflected in the segment "Interbank and investments business".

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

The following table presents income and expenses, profit and loss, asset and liabilities information regarding the Bank's operating segments for six months ended 30 June 2018 (unaudited):

	Retail banking	*Corporate banking*	*Interbank and investments business*	*Unallocated*	*Total*
External					
Interest income	204,059	3,303,961	2,215,324	–	5,723,344
Commission income	254,321	200,225	12,196	–	466,742
Other income	14,521	28,237	1,580	7,473	51,811
Reversal of financial assets impairment	–	616,681	26,419	–	643,100
Reversal of provisions for credit-related commitments	12,648	–	–	–	12,648
Net gains from transactions with foreign currencies	58,915	84,457	16,070	2,057,207	2,216,649
Net gains from operations with banking metals	293	1	–	–	294
Income from other segments	1,219,835	1,339,254	2,906,466	(5,465,555)	–
Total income	**1,764,592**	**5,572,816**	**5,178,055**	**(3,400,875)**	**9,114,588**
Interest expense	(829,551)	(1,018,710)	(2,753,453)	–	(4,601,714)
Commission expense	(95,267)	(70,726)	(1,681)	(84)	(167,758)
Net losses on derecognition of financial assets measured at amortised cost	(997)	(507,080)	–	–	(508,077)
Financial assets impairment charge	(78,491)	–	–	(3,714)	(82,205)
Charge of provisions for credit-related commitments	–	(36,417)	(4,881)	–	(41,298)
Net losses on investment securities at fair value through profit or loss	–	–	–	(2,046,242)	(2,046,242)
Net losses on investment securities at fair value through other comprehensive income reclassified from statement of comprehensive income on settlement	–	–	–	(42,104)	(42,104)
Loss from operations with banking metals	–	–	(900)	(30)	(930)
Personnel expenses	(275,051)	(191,058)	(43,419)	(80,936)	(590,464)
Depreciation and amortisation	(28,583)	(14,498)	(1,961)	(4,012)	(49,054)
Other operating expenses	(220,095)	(69,853)	(14,239)	(31,755)	(335,942)
Expenses from other segments	(169,124)	(2,668,870)	(1,878,857)	4,716,851	–
Segment results	**67,433**	**995,604**	**478,664**	**(892,901)**	**648,800**
Income tax expenses					(4)
Profit for the period					**648,796**
Assets and liabilities as at 30 June 2018					
Segment assets	5,243,608	66,606,403	85,716,051		157,566,062
Unallocated assets				2,567,422	2,567,422
Total assets					**160,133,484**
Segment liabilities	34,590,043	51,612,752	64,526,118		150,728,913
Unallocated liabilities				830,565	830,565
Total liabilities					**151,559,478**
Other segment information					
Capital expenditure	(19,879)	(10,044)	(1,359)	(2,780)	(34,062)

(thousands of Ukrainian hryvnia, unless otherwise stated)

4. Segment information (continued)

The following table presents income and expenses, profit and loss information for six months ended 30 June 2017 (unaudited), and total assets and liabilities information regarding the Bank's operating segments as at 31 December 2017:

	Retail banking	*Corporate banking*	*Interbank and investments business*	*Unallocated*	*Total*
External					
Interest income	214,866	3,337,504	2,723,947	–	6,276,317
Commission income	257,871	179,475	11,028	–	448,374
Other income	8,380	79,955	145	5,482	93,962
Net gains from transactions with foreign currencies	65,145	77,184	94,078	1,127,336	1,363,743
Gains from operations with banking metals	319	–	2,142	–	2,461
Gain from investment securities available-for-sale	–	–	–	4,744	4,744
Reversal of loan impairment allowance	35,267	–	–	–	35,267
Reversal of allowances for other impairment and provisions	–	3,723	1,578	–	5,301
Income from other segments	1,364,437	1,530,849	2,760,030	(5,655,316)	–
Total income	**1,946,285**	**5,208,690**	**5,592,948**	**(4,517,754)**	**8,230,169**
Interest expense	(1,011,885)	(1,214,685)	(2,549,746)	–	(4,776,316)
Commission expense	(97,004)	(54,732)	(5,622)	(209)	(157,567)
Loan impairment charge	–	(1,116,475)	(5,328)	(19)	(1,121,822)
Loss from operations with banking metals	–	–	–	(2,365)	(2,365)
Loss on investment securities available-for-sale	–	(60)	(7,074)	–	(7,134)
Losses reclassified from statement of comprehensive income on settlement of investment securities available-for-sale	–	–	–	(44,468)	(44,468)
Loss on investment securities at fair value through profit or loss	–	–	–	(575,240)	(575,240)
Personnel expenses	(162,603)	(133,573)	(44,960)	(57,310)	(398,446)
Depreciation and amortisation	(26,893)	(14,669)	(3,517)	(5,150)	(50,229)
Other operating expenses	(193,204)	(58,424)	(14,815)	(40,020)	(306,463)
Allowances for other impairment and provisions	(2,403)	–	–	(162)	(2,565)
Expenses from other segments	(155,789)	(2,667,811)	(2,568,436)	5,392,036	–
Segment results	**296,504**	**(51,739)**	**393,450**	**149,339**	**787,554**
Income tax expenses					(57,331)
Profit for the period					**730,223**
Assets and liabilities as at 31 December 2017					
Segment assets	5,122,802	67,677,723	95,345,081		168,145,606
Unallocated assets				2,472,367	2,472,367
Total assets					**170,617,973**
Segment liabilities	36,091,973	54,774,212	65,426,841		156,293,026
Unallocated liabilities				261,000	261,000
Total liabilities					**156,554,026**
Other segment information					
Capital expenditure	(11,542)	(6,285)	(1,508)	(2,209)	(21,544)

The significant part of loss for six months of 2018 and 2017 from investment securities at fair value through profit and loss occur due to government bonds revaluation adjusted for exchange rate shift.

Geographical information

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

(thousands of Ukrainian hryvnia, unless otherwise stated)

5. Cash and cash equivalents

Cash and cash equivalents comprise:

	30 June 2018 (unaudited)	*31 December 2017*
Current accounts with other credit institutions	9,737,199	9,243,485
Overnight deposits with other credit institutions	4,271,768	1,257,692
Current account with the National Bank of Ukraine	4,207,776	5,383,134
Cash on hand	1,446,394	1,428,646
Deposits certificates of the National Bank of Ukraine up to 90 days	–	2,553,260
	19,663,137	**19,866,217**
Less: allowance for impairment	(2,727)	–
Cash and cash equivalents	**19,660,410**	**19,866,217**

6. Changes in liabilities in financial activities

Changes in liabilities in financial activities were as follows:

	Borrowings from credit institutions	*Eurobonds issued*	*Subordinated debt*	*Total*
Carrying value at 31 December 2017	**21,371,452**	**38,821,831**	**3,615,792**	**63,809,075**
Additions	1,352,797	4,020,167	–	5,372,964
Repayments	(2,308,077)	–	–	(2,308,077)
Translation differences	(1,468,909)	(2,554,224)	(239,758)	(4,262,891)
Other	100,914	184,771	5,680	291,365
Carrying value at 30 June 2018 (unaudited)	**19,048,177**	**40,472,545**	**3,381,714**	**62,902,436**

	Borrowings from credit institutions	*Eurobonds issued*	*Subordinated debt*	*Total*
Carrying value at 31 December 2016	**25,268,686**	**37,562,345**	**3,495,895**	**66,326,926**
Additions	340,012	–	–	340,012
Repayments	(1,575,962)	–	–	(1,575,962)
Translation differences	(931,919)	(1,488,597)	(138,553)	(2,559,069)
Other	14,739	(9,805)	1,141	6,075
Carrying value at 30 June 2017 (unaudited)	**23,115,556**	**36,063,943**	**3,358,483**	**62,537,982**

"Other" includes the effect of accrued but unpaid interest on borrowings from credit institutions, issued Eurobonds and subordinated debt. The Bank classifies the paid interest as cash flows from operating activities.

(thousands of Ukrainian hryvnia, unless otherwise stated)

7. Expenses for allowance for impairment

The table below shows the amounts of accrued/reversed allowances for impairment by financial and non-financial assets for six months ended 30 June 2018, which are recognised in profit or loss.

	2018		*2017*	
	For three months ended 30 June	***For six months ended 30 June***	***For three months ended 30 June***	***For six months ended 30 June***
	(unaudited)			
Loans to customers (Note 9)	801,820	535,485	(533,090)	(1,080,910)
Due from credit institutions	7,392	14,252	(317)	(5,645)
Other financial assets	6,224	10,880	–	–
Other assets	–	–	(5,649)	1,643
Investment debt securities	(60)	278	–	–
Reversal/(charge) of allowance for impairment	**815,376**	**560,895**	**(539,056)**	**(1,084,912)**

8. Due from credit institutions

Amounts due from credit institutions comprise:

	30 June 2018 (unaudited)	***31 December 2017***
Loans and deposits		
Ukrainian banks	1,012,468	1,150,873
OECD banks	191,991	205,759
CIS and other banks	65,491	70,187
	1,269,950	**1,426,819**
Amounts due from other credit institutions		
Current accounts with other credit institutions in precious metals	152,241	72,891
Other amounts due from credit institutions	74,432	74,480
	1,496,623	**1,574,190**
Less: Allowance for impairment	(899,457)	(874,451)
Due from credit institutions	**597,166**	**699,739**

As at 30 June 2018, amounts due from credit institutions are designated at amortised cost (31 December 2017: at amortised cost), except for current accounts in precious metals in the amount of UAH 152,241 thousand (31 December 2017: UAH 72,891 thousand) at fair value through profit or loss (31 December 2018: at fair value through profit or loss).

9. Loans to customers

Loans to customers comprise:

	30 June 2018 (unaudited)	***31 December 2017***
Commercial loans	124,226,763	115,044,665
Overdrafts	1,136,128	709,605
Promissory notes	67,183	52,614
Finance lease receivables	14,860	67,299
	125,444,934	**115,874,183**
Less: Allowance for impairment	(62,389,795)	(48,266,639)
Loans to customers at amortised cost	**63,055,139**	**67,607,544**

(thousands of Ukrainian hryvnia, unless otherwise stated)

9. Loans to customers (continued)

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

	30 June 2018 (unaudited)	*31 December 2017*
Legal entities	95,676,472	86,366,875
State entities	27,841,392	28,107,432
Individuals	1,841,661	1,382,786
Municipal entities	85,409	17,090
	125,444,934	**115,874,183**

The movements in allowance for impairment of loans to customers during the six months ended 30 June 2018 were as follows:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
At 1 January 2018	**1,068,246**	**40,027**	**64,756,975**	**65,865,248**
New self-produced or purchased assets	23,452	–	–	23,452
Repaid assets	(2,294)	(398)	(5,801)	(8,493)
Transfer to Stage 1	1	(1)	–	–
Transfer to Stage 2	(10,712)	10,712	–	–
Transfer to Stage 3	(859)	(8,011)	8,870	–
Interest income adjustment	–	–	820,746	820,746
Recoveries	–	–	2,745	2,745
Modifications in allowance	(6,680)	26,486	231,570	251,376
Translation differences	(33,197)	(1,607)	(2,373,942)	(2,408,746)
At 31 March 2018 (unaudited)	**1,037,957**	**67,208**	**63,441,163**	**64,546,328**
New self-produced or purchased assets	133,880	–	–	133,880
Repaid assets	(68,327)	(1,501)	(287,041)	(356,869)
Transfer to Stage 1	1,279	(1,063)	(216)	–
Transfer to Stage 2	(151,131)	286,395	(135,264)	–
Transfer to Stage 3	(140)	(1,203)	1,343	–
Transfer to POCI	–	–	(972,929)	(972,929)
Interest income adjustment	–	–	741,357	741,357
Recoveries	–	–	17,870	17,870
Modifications in allowance	(131)	(101,943)	(476,757)	(578,831)
Translation differences	(14,385)	(12,524)	(1,114,102)	(1,141,011)
At 30 June 2018 (unaudited)	**939,002**	**235,369**	**61,215,424**	**62,389,795**

The movements in allowance for impairment of loans to customers during the six months ended 30 June 2017 were as follows:

	Commercial loans	*Overdrafts*	*Finance lease receivables*	*Promissory notes*	*Total*
At 1 January 2017	**45,512,446**	**31,920**	**5,135**	**1,306**	**45,550,807**
Charge/(reversal) for the period	561,812	(13,529)	–	(463)	547,820
Recoveries	3,663	–	–	–	3,663
Amounts written-off	–	–	(152)	–	(152)
Translation differences	(97,330)	–	–	–	(97,330)
At 31 March 2017 (unaudited)	**45,980,591**	**18,391**	**4,983**	**843**	**46,004,808**
Charge/(reversal) for the period	538,614	(5,664)	(100)	240	533,090
Recoveries	18,297	–	–	–	18,297
Translation differences	(737,862)	–	–	–	(737,862)
At 30 June 2017 (unaudited)	**45,799,640**	**12,727**	**4,883**	**1,083**	**45,818,333**

(thousands of Ukrainian hryvnia, unless otherwise stated)

10. Investment securities

Investment securities at fair value through profit or loss

As at 30 June 2018, investment securities at FVPL with the carrying value of UAH 26,022,680 thousand (31 December 2017: UAH 28,072,289 thousand) are represented by Ukrainian state bonds. The conditions of issue of those securities provide for indexation of the nominal value by maturity according to the changes in the average interbank exchange rate of Hryvnia to US Dollar per month prior to the date of issue and per month prior to the maturity date. Coupon yield is not subject to indexation.

Investment securities at fair value through other comprehensive income and available-for-sale investment securities

	30 June 2018 (unaudited)	*31 December 2017*
Ukrainian state bonds	–	46,698,684
Corporate bonds:	–	1,540,930
Corporate shares	–	15,097
Available-for-sale investment securities	**–**	**48,254,711**
Ukrainian state bonds	35,255,677	–
Corporate bonds	5,706,290	–
Corporate shares	17,344	–
Investment securities at fair value through other comprehensive income	**40,979,311**	**–**

Investment securities at amortised cost and investment securities held to maturity

	30 June 2018 (unaudited)		*31 December 2017*	
	Nominal value	*Carrying value*	*Nominal value*	*Carrying value*
Ukrainian state bonds	–	–	98,164	96,022
Held-to-maturity investments		**–**		**96,022**
Ukrainian state bonds	73,623	73,307	–	–
Investment securities at amortised cost		**73,307**		**–**

(thousands of Ukrainian hryvnia, unless otherwise stated)

11. Other assets and liabilities

Other assets comprise:

	30 June 2018 (unaudited)	*31 December 2017*
Other financial assets		
Other accrued income	370,263	328,468
Transit accounts on operations with payment cards	132,349	156,452
Accounts receivable on operations with customers	63,228	215,757
Accrued service fee on financial guarantees issued	11,895	9,431
Other	116	124
	577,851	**710,232**
Less: allowance for impairment	(340,532)	(309,474)
Other financial assets	**237,319**	**400,758**
Other assets		
Advance payments	3,259,354	57,179
Other tax assets, except those related to income tax	886,948	259,635
Precious metals	49,121	61,197
Cash the availability of which is not confirmed	33,342	35,471
Inventories	18,674	25,313
Other	3,422	1,368
	4,250,861	**440,163**
Less: allowance for impairment	(75,743)	(73,005)
Other assets	**4,175,118**	**367,158**
Total other assets	**4,412,437**	**767,916**

The amount of advance payment includes the amount of advance payment for the acquisition of the items to be provided by the Bank for finance lease in the amount of UAH 3,136,245 thousand . The respective value added tax amount for such advance payment is included in "Other tax assets except for those related to income tax" in the amount of UAH 627,249 thousand. Also, the Bank received advance payments under finance lease transactions in the amount of UAH 1,129,048 thousand (Note 13)

Other liabilities comprise:

	30 June 2018 (unaudited)	*31 December 2017*
Other financial liabilities		
Transit accounts on operations with customers	85,046	6,126
Transit accounts on operations with payment cards	21,296	31,921
Liabilities on financial guarantess issued	12,556	7,123
Accrued expenses	7,557	4,173
Other financial liabilities	**126,455**	**49,343**
Other liabilities		
Accrued unused vacations	100,007	74,213
Payables to the Individual Deposit Guarantee Fund	59,483	53,775
Payables on taxes and mandatory contributions, except for income tax	32,049	27,705
Deferred income	23,651	29,196
Payables on the Bank's business activities	7,061	8,996
Accrued pension contributions	1,343	1,030
Accrued salary	199	74,453
Other	11,086	6,237
Other liabilities	**234,879**	**275,605**
Total other liabilities	**361,334**	**324,948**

(thousands of Ukrainian hryvnia, unless otherwise stated)

12. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	30 June 2018 (unaudited)	*31 December 2017*
Current accounts		
Ukrainian banks	1,347,289	1,825,511
CIS and other banks	514	727
	1,347,803	**1,826,238**
Loans and deposits		
International financial institutions	18,726,835	20,896,851
Ukrainian banks	384,118	86,088
OECD banks	321,342	474,601
	19,432,295	**21,457,540**
Other amounts due to credit institutions	–	9
Amounts due to credit institutions	**20,780,098**	**23,283,787**

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

13. Amounts due to customers

Amounts due to customers comprise:

	30 June 2018 (unaudited)	*31 December 2017*
Current accounts		
- Legal entities	17,588,808	17,517,732
- Budget organizations	5,662,113	6,825,732
- Individuals	4,194,970	4,017,437
- Funds under the Bank's management	1	1
	27,445,892	**28,360,902**
Time deposits		
- Legal entities	37,766,318	41,077,335
- Individuals	20,351,398	21,063,263
- Budget organizations	912,181	–
	59,029,897	**62,140,598**
Amounts due to customers	**86,475,789**	**90,501,500**
Held as security against loans to customers	700,100	470,144
Held as security against guarantees and avals (Note 16)	430,760	470,238
Held as security against letters of credit (Note 16)	299,445	350,089
Held as security against undrawn loan commitments (Note 16)	10,473	3,239
Advance payments received under financial lease (Note 11)	1,129,048	–

As at 30 June 2018, amounts due from customers are designated at amortised cost (31 December 2017: at amortised cost), except for attracted deposits and current accounts in gold in the amount of UAH 68,200 thousand (31 December 2017: UAH 118,311 thousand) at fair value through profit or loss (31 December 2017: at fair value through profit or loss).

14. Eurobonds issued

	30 June 2018 (unaudited)			*31 December 2017*		
	Nominal value ('000)	*Currency*	*Carrying value*	*Nominal value ('000)*	*Currency*	*Carrying value*
April 2010 issue	500,000	USD	13,292,242	500,000	USD	14,243,831
October 2010 issue	250,000	USD	6,646,121	250,000	USD	7,121,916
January 2013 issue	500,000	USD	13,577,827	500,000	USD	14,546,737
April 2013 issue	100,000	USD	2,715,566	100,000	USD	2,909,347
March 2018 issue	4,051,000	UAH	4,240,789	–	–	–
Eurobonds issued			**40,472,545**			**38,821,831**

In March 2018, the Bank, through BIZ Finance PLC (structured company registered in Great Britain) issued Eurobonds in the form of loan participation notes with a par value of UAH 4,051,000 thousand. The bonds had a fixed coupon rate of 16.5% p.a. and maturity in March 2021.

15. Equity

As at 30 June 2018, the Bank's authorised issued share capital comprised 26,490,412 (31 December 2017: 26,490,412) ordinary registered shares with a nominal value of UAH 1,462.04 per share (31 December 2017: 1,462.04 per share). As at 30 June 2018, 26,490,412 ordinary registered shares were fully paid and registered (31 December 2017: all shares were fully paid and registered).

In February 2017 according to the Resolution of the Cabinet of Ministers of Ukraine No 54 dated 01 February 2017, the Bank's share capital was increased by UAH 3,022,000 thousand through the issue of 2,066,975 additional shares with the nominal value of UAH 1,462.04 each with 100 percent of these shares kept by the State. These shares were registered in March 2017.

The State of Ukraine acquired the additional issue of shares by exchanging them to Ukrainian state bonds with the indexed nominal value of UAH 3,022,001 thousand.

As at the date of initial recognition, the difference between the nominal and fair value of Ukrainian state bonds in the amount of UAH 635,104 thousand was recognised in equity as the result of transactions with the shareholder.

In March 2017 according to Resolution #123 of the Cabinet of Ministers of Ukraine of 06 March 2017, the Bank's share capital was increased by UAH 4,700,001 thousand through the issue of 3,214,687 additional shares with the nominal value of UAH 1,462.04 each with 100 percent of these shares kept by the State. These shares were registered in April 2017.

The State of Ukraine acquired the additional issue of shares by exchanging them to Ukrainian state bonds with the indexed nominal value of UAH 4,700,001 thousand.

In June 2018, according to the Law of Ukraine *On State Property Management*, Resolution of the Cabinet of Ministers of Ukraine No. 139 *On approval of the basic standard for the deduction of a share of profit, which is allocated for distributions of dividends following the results of the 2017 financial and business activities of the companies whose authorized capital includes the participatory interest of the state* dated 28 February 2018, the Bank allocated its profit for dividend distributions in the amount of UAH 588,033 thousand. According to Article 57 of the Tax Code of Ukraine, the Bank accrued and paid to the budget the advance income tax payment in the amount of UAH 105,846 thousand in respect of these dividend distributions.

(thousands of Ukrainian hryvnia, unless otherwise stated)

15. Equity (continued)

Movements in revaluation reserves

Movements in revaluation reserves were as follows:

	Property revaluation reserve	*Gains/(losses) on available-for-sale investment securities*	*Revaluation reserves*
At 1 January 2017	**1,021,863**	**(296,528)**	**725,335**
Depreciation of revaluation reserve, net of tax	(9,200)	–	(9,200)
Other comprehensive (loss)/income to be reclassified through the consolidated statement of profit and loss in the next periods			
Net losses on available-for-sale investment securities, including:	**–**	**(353,827)**	**(353,827)**
Net realised losses on available-for-sale investment securities were reclassified to the condensed consolidated statement of profit and loss (consolidated statement of income)	–	44,482	44,482
Net unrealised losses on available-for-sale investment securities	–	(398,309)	(398,309)
Income tax related to components of other comprehensive income	–	–	–
At 30 June 2017 (unaudited)	**1,012,663**	**(650,355)**	**362,308**
At 31 December 2017	**724,063**	**(441,112)**	**282,951**
Effect of application of IFRS 9 (Note 3)	–	(71,168)	(71,168)
Opening balance recalculated in accordance with IFRS 9	**724,063**	**(512,280)**	**211,783**
Depreciation of revaluation reserve, net of tax	(6,636)	–	(6,636)
Other comprehensive (loss)/income to be reclassified through the consolidated statement of profit and loss in the next periods			
Net losses on investment securities at fair value through other comprehensive income, including:	**–**	**(720,540)**	**(720,540)**
Changes in allowance for impairment of investment debt securities at fair value through other comprehensive income	–	278	278
Net realised losses on available-for-sale investment securities at fair value through other comprehensive income were reclassified to the consolidated statement of profit and loss (consolidated statement of income)	–	42,104	42,104
Net unrealised losses on investment securities at fair value through other comprehensive income	–	(762,922)	(762,922)
Income tax related to components of other comprehensive income	–	–	–
At 30 June 2018 (unaudited)	**717,427**	**(1,232,820)**	**(515,393)**

(thousands of Ukrainian hryvnia, unless otherwise stated)

16. Credit-related commitments

The Bank's creidt-related commitments comprised:

	30 June 2018 (unaudited)	*31 December 2017*
Undrawn loan commitments	5,783,689	363,462
Guarantees	2,692,578	3,045,807
Letters of credit	369,078	350,089
Avals on promissory notes	708,414	333,227
	9,553,759	**4,092,585**
Less: provision	(87,998)	(6,168)
Credit-related commitments (before cash held as security)	**9,465,761**	**4,086,417**
Less – cash held as security against letters of credit, avals and guarantees, and undrawn loan commitments (Notes 13)	(740,678)	(823,566)
Credit-related commitments	**8,725,083**	**3,262,851**

17. Personnel and other operating expenses

Personnel and other operating expenses comprise:

	2018		*2017*	
	For three months ended 30 June	*For six months ended 30 June*	*For three months ended 30 June*	*For six months ended 30 June*
	(unaudited)			
Salaries and bonuses	271,929	487,212	190,546	329,657
Mandatory contributions to the state funds	51,090	103,252	37,201	68,789
Personnel expenses	**323,019**	**590,464**	**227,747**	**398,446**
Payables to the Individual Deposit Guarantee Fund	59,483	119,645	57,826	111,444
Repair and maintenance of fixed assets	30,145	57,434	28,158	47,596
Security	12,212	24,220	8,254	18,611
Operating taxes	9,594	22,130	10,019	23,926
Maintenance of premises	9,168	22,225	6,614	19,484
Electronic and data processing expenses	6,999	13,829	8,642	12,936
Rent of premises	5,539	10,900	4,590	10,604
Expenses for cash collection	5,484	10,696	13,743	19,154
Losses on revaluation of non-current assets	4,337	4,337	–	–
Administrative expenses	3,562	9,878	3,707	9,026
Communication services	3,493	6,877	2,658	5,861
Legal and advisory services	2,790	7,795	9,022	9,763
Business travel and related expenses	1,870	2,993	1,512	2,271
Charity	1,763	1,763	284	466
Losses on initial recognition of financial assets	1,638	3,414	116	116
Representative offices expenses	911	1,752	941	1,679
Losses/(gains) on impairment of non-financial assets	(456)	2,709	–	–
Other	5,601	13,345	6,019	13,526
Other operating expenses	**164,133**	**335,942**	**162,105**	**306,463**

Expenses for payment to the non-state pension fund for the period ended 30 June 2018 comprised UAH 9,275 thousand (30 June 2017: UAH 5,627 thousand).

(thousands of Ukrainian hryvnia, unless otherwise stated)

18. Fair value of assets and liabilities

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

Set out below is a comparison by class of the carrying values and fair values of the Bank's financial instruments that are not carried at carrying values and 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 2018 (unaudited)			*31 December 2017*		
	Carrying value	*Fair value*	*Unrecognised gain/(loss)*	*Carrying value*	*Fair value*	*Unrecognised gain/(loss)*
Financial assets						
Cash and cash equivalents	19,660,410	19,660,410	–	19,866,217	19,866,217	–
Amounts due from credit institutions	444,925	444,925	–	626,848	626,848	–
Loans to customers	63,055,139	62,136,891	(918,248)	67,607,544	68,155,687	548,143
Securities held to maturity	–	–	–	96,022	93,598	(2,424)
Investment securities at amortised cost	73,307	70,680	(2,627)	–	–	–
Other assets	237,319	237,319	–	400,758	400,758	–
Financial liabilities						
Amounts due to credit institutions	20,780,098	20,780,098	–	23,283,787	23,283,787	–
Amounts due to customers	86,407,589	86,378,693	28,896	90,383,189	90,386,165	(2,976)
Eurobonds issued	40,472,545	41,246,739	(774,194)	38,821,831	42,375,611	(3,553,780)
Subordinated debt	3,381,714	3,270,598	111,116	3,615,792	3,677,193	(61,401)
Other liabilities	126,455	126,455	–	49,343	49,343	–
Total unrecognized change in unrealised fair value			**(1,555,057)**			**(3,072,438)**

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

Assets fair value of which approximates carrying value

For financial assets and financial liabilities that are liquid or having a short term maturity (less than three months) it is assumed that the carrying values 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 at the date 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 listed 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 unobservable inputs that have material impact on reported fair values of financial instruments. This approach is appropriate for investments in non-listed shares and debt securities.

(thousands of Ukrainian hryvnia, unless otherwise stated)

18. Fair value of assest and liabilities (continued)

Fair value of financial assets and liabilities carried at fair value (continued)

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

At 30 June 2018 (unaudited)	***Fair value recurring measurements*** Level 2	Level 3	Total
Current accounts with other credit institutions in precious metals	152,241	–	152,241
Investment securities at fair value through profit or loss	26,022,680	–	26,022,680
Investment securities at fair value through other comprehensive income	40,961,967	17,344	40,979,311
Total assets	**67,136,888**	**17,344**	**67,154,232**
Amounts due to customers in precious metals	68,200	–	68,200
Total liabilities	**68,200**	**–**	**68,200**

At 31 December 2017	***Fair value recurring measurements*** Level 2	Level 3	Total
Current accounts with other credit institutions in precious metals	72,891	–	72,891
Investment securities at fair value through profit or loss	28,072,289	–	28,072,289
Available-for-sale investment securities	48,239,614	15,097	48,254,711
Total assets	**76,384,794**	**15,097**	**76,399,891**
Amounts due to customers in precious metals	118,311	–	118,311
Total liabilities	**118,311**	**–**	**118,311**

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 2018, the Bank did not transfer any financial assets from one level of the fair value hierarchy to another level of the fair value hierarchy.

The Bank measures financial assets by discounting cash flows from these instruments using the rates determined on the bases 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:

	At 1 January 2018	***Total gain recorded in interim condensed stand-alone statement of profit and loss***	***Settlements***	***At 30 June 2018 (unaudited)***
Investment securities at fair value through other comprehensive income	15,097	2,807[(a)]	(560) [(b)]	17,344
Total assets	**15,097**	**2,807**	**(560)**	**17,344**

(thousands of Ukrainian hryvnia, unless otherwise stated)

18. Fair value of assets and liabilities (continued)

Movements in level 3 assets measured at fair value (continued)

	At 1 January 2017	*Total gain recorded in interim condensed stand-alone statement of profit and loss*	*Settlements*	*At 30 June 2017 (unaudited)*
Available-for-sale investment securities	11,690	4,776[(a)]	(92) [(b)]	16,374
Total assets	**11,690**	**4,776**	**(92)**	**16,374**

(a) For six months of 2018: UAH 2,247 thousand of gain (reversal of impairment losses) included in "Net gains on impairment of financial assets" and UAH 560 thousand of gain included in "Other income" (six months of 2017: UAH 4,684 thousand of gain (reversal of impairment losses) included in "Losses on impairment of available-for-sale investment securities" and UAH 92 thousand of gain included in "Other income").

(b) For six months of 2018: settlements in the amount of UAH 560 thousand include UAH 560 thousand repayments (six months of 2017: settlements in the amount of UAH 92 thousand include UAH 92 thousand repayments).

The table below shows the quantitative information as at 30 June 2018 about significant unobservable inputs used for the fair valuation of assets classified as those of the 3 level of the fair value hierarchy:

At 30 June 2018 (unaudited)	*Carrying value*	*Valuation technique*	*Unobservable parameter*	*Range of parameter values*
Investment securities at fair value through other comprehensive income	17,344	Discounted cash flows	Risk factor	Corporate: 0-1.0

At 30 June 2017 (unaudited)	*Carrying value*	*Valuation technique*	*Unobservable parameter*	*Range of parameter values*
Available-for-sale investment securities	16,374	Discounted cash flows	Expected profitability	Corporate: 8.54%-15.90 %
			Risk factor	Corporate: 0-1.0

Gains for level 3 financial instruments included in consolidated profit and loss report.

	For the period ended 30 June 2018 (unaudited)		
	Realised gains	*Unrealised losses*	*Total*
Total gains included in profit and loss for the period	560	2,247	**2,807**

	For the period ended 30 June 2017 (unaudited)		
	Realised gains	*Unrealised losses*	*Total*
Total gains included in profit and loss for the period	92	4,684	**4,776**

(thousands of Ukrainian hryvnia, unless otherwise stated)

19. Related party disclosures

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if they are under common control, or one party has the ability to control the other party or exercise significant influence over the other party in making 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 2018 and 31 December 2017, and related income and expense for six months ended 30 June 2018 and 30 June 2017 are as follows:

	30 June 2018 (unaudited)	*31 December 2017*
	Key management personnel	
Loans to customers, gross	**341**	**18**
Less: allowance for impairment	(12)	(2)
Loans to customers, net	**329**	**16**
Current accounts	6,572	5,560
Time deposits	14,303	9,134
Amounts due to customers	**20,875**	**14,694**
Other liabilities	17	12

	For the period ended	
	2018	*2017*
	(unaudited)	
Interest income on loans	4	14
Interest expense on customers' deposits	(308)	(396)
Commission income	7	7
Translation differences	(80)	130

During the six months ended 30 June 2018, the total compensation and other remunerations of the key management personnel comprised UAH 18,735 thousand (UAH 272 thousand of payments to non-state pension fund) (30 June 2017: UAH 8,879 thousand). (UAH 116 thousand of payments to non-state pension fund)

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

(thousands of Ukrainian hryvnia, unless otherwise stated)

19. Related party disclosures (continued)

Balances with government-related entities which are individually significant in terms of the carrying value as at 30 June 2018 (unaudited) are disclosed below:

Client	*Sector*	*Cash and cash equivalents*	*Loans to customers*	*Amounts due to customers*	*Amounts due to credit institutions*	*Guarantees issued*
Client 1	State entities	–	–	2,874,138	–	–
Client 2	State entities	–	–	1,179,478	–	–
Client 3	Agriculture and food industry	–	–	24,579,053	–	–
Client 4	Extractive industry	–	15,333,794	–	–	–
Client 5	Extractive industry	–	739,708	–	–	–
Client 6	Power engineering	–	6,516,858	–	–	–
Client 7	Finance	4,207,776	–	–	–	–
Client 8	Finance	–	–	–	360,785	–
Client 9	Mechanical engineering	–	2,318,559	–	–	194,559
Client 10	Trade	–	–	1,124,823	–	618,321
Client 11	Trade	–	–	–	–	347,092
Client 12	Trade	–	–	–	–	196,526
Client 13	Trade	–	–	–	–	63,929
Client 14	Transport and communications	–	–	1,190,566	–	–
Other	–	–	795,041	8,090,080	–	–

Balances with government-related entities which are individually significant in terms of the carrying value as at 31 December 2017 are disclosed below:

Client	*Sector*	*Cash and cash equivalents*	*Loans to customers*	*Amounts due to customers*	*Amounts due to credit institutions*	*Guarantees issued*
Client 1	State entities	–	–	3,546,848	–	–
Client 2	State entities	–	–	1,191,285	–	–
Client 3	Agriculture and food industry	–	–	26,893,949	–	–
Client 4	Extractive industry	–	16,863,172	–	–	–
Client 5	Extractive industry	–	769,062	–	–	–
Client 7	Finance	7,936,394	–	–	–	–
Client 8	Finance	–	–	–	442,939	–
Client 6	Power engineering	–	5,520,516	–		–
Client 9	Mechanical engineering	–	2,531,403	–	–	210,247
Client 10	Trade	–	–	1,328,284	–	650,402
Client 11	Trade	–	–	–	–	724,156
Other	–	–	–	8,765,303	–	–

For the six-month period ended 30 June 2018, the Bank recorded UAH 1,395,118 thousand (30 June 2017: UAH 1,082,084 thousand) of interest income, including interest income from operations with the NBU deposit certificates with maturity up to 90 days – UAH 37,246 thousand (30 June 2017: UAH 78,539 thousand) of interest income and UAH 637,532 thousand (30 June 2017: UAH 885,237 thousand) of interest expenses.

(thousands of Ukrainian hryvnia, unless otherwise stated)

19. Related party disclosures (continued)

As at 30 June 2018 and 31 December 2017, the Bank's investments in debt securities issued by the government or the government-related corporate entities were as follows:

	30 June 2018 (unaudited)	*31 December 2017*
Investment securities at fair value through profit or loss	26,022,680	28,072,289
Available-for-sale investment securities	–	48,253,645
Investment securities held to maturity	–	96,022
Investment securities at fair value through other comprehensive income	40,974,447	–
Investment securities at amortised cost	73,307	–

For the six-month period ended 30 June 2018, the Bank recognised UAH 1,994,855 thousand (30 June 2017: UAH 2,438,284 thousand) of interest income on transactions with other investment securities, UAH 132,900 thousand (30 June 2017: UAH 170,831 thousand) of interest income.

20. Capital adequacy

The Bank pro-actively manages its exposures to ensure it that it maintains an adequate capital level to cover external risks inherent in the business. The adequacy of the Bank's capital is monitored using the ratios established by the NBU and Basel Capital Accord 1988.

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong credit ratings and proper capital ratios in order to support its business activities and maximise the value to the shareholder.

The Bank manages its capital structure and adjusts its total assets to provide for observed and expected changes in the business environment and the risk profile of its business activities.

NBU capital adequacy ratio

In 2015 the NBU stress-tested 20 largest Ukrainian banks, including the Bank. Special requirements to minimum regulatory capital adequacy ratio of the stress-tested banks were introduced. Those requirements were coordinated with the NBU depending on the stress test results and the agreed-upon plan for elimination of violations, but anyway, after the procedures, the ratio had to be at least 5% since 1 February 2016 and reach at least 7% since 1 January 2018 and at least 10% since 1 January 2019. During 2018 and as at 30 June 2018, the Bank observed the above requirements.

The Bank's regulatory capital adequacy ratio was as follows:

	30 June 2018 (unaudited)	*31 December 2017*
Main capital	7,223,340	6,217,716
Additional capital, calculated	3,613,352	4,141,885
Additional capital, included in calculation of total capital (limited to main capital)	3,613,352	4,141,885
Total equity	**10,836,692**	**10,359,601**
Risk weighted assets	**79,396,794**	**74,469,796**
Capital adequacy ratio	13.65%	13.91%

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 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.

(thousands of Ukrainian hryvnia, unless otherwise stated)

20. Capital adequacy (continued)

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 2018 (unaudited)	*31 December 2017*
Tier 1 capital	8,449,100	13,145,892
Tier 2 capital, calculated	2,738,628	4,426,458
Tier 2 capital, included in calculation of total capital	2,738,628	4,426,458
Total equity	**11,187,728**	**17,572,350**
Risk weighted assets	**80,226,844**	**80,802,113**
Tier 1 capital adequacy ratio	10.5%	16.3%
Total capital adequacy ratio	13.9%	21.7%