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

For nine months ended 30 September 2017

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

As at 30 September 2017

(thousands of Ukrainian Hryvnia)

	Notes	*30 September 2017 (unaudited)*	*31 December 2016*
Assets			
Cash and cash equivalents	4	26,914,106	21,378,517
Amounts due from credit institutions	5	860,835	1,544,476
Loans to customers	6	57,447,901	58,469,531
Investment securities:	7		
- designated at fair value through profit or loss		27,196,476	24,064,110
- available-for-sale		47,907,838	48,193,549
- held-to-maturity		91,839	139,098
Current tax assets	9	10,001	101,677
Investment property		1,333,072	1,344,074
Property and equipment		1,980,083	2,120,672
Intangible assets	8	48,306	26,778
Deferred tax assets	9	2,322,000	2,322,000
Other assets	11	772,581	697,747
Total assets		**166,885,038**	**160,402,229**
Liabilities			
Amounts due to credit institutions	12	24,222,152	27,931,388
Amounts due to customers	13	87,119,060	85,788,952
Eurobonds issued	14	36,755,498	37,562,345
Subordinated debt		3,344,950	3,495,895
Provision for other losses	10	5,871	5,137
Other liabilities		253,787	258,246
Total liabilities		**151,701,318**	**155,041,963**
Equity			
Share capital	15	38,730,042	31,008,041
Revaluation reserves	15	725,182	725,335
Result from operations with shareholder	15	635,104	-
Accumulated deficit		(25,069,534)	(26,536,036)
Reserve and other funds		162,926	162,926
Total equity		**15,183,720**	**5,360,266**
Total equity and liabilities		**166,885,038**	**160,402,229**

Authorised for release and signed

28 November 2017

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 (CONSOLIDATED INCOME STATEMENT)
For nine months ended 30 September 2017
(thousands of Ukrainian Hryvnia)

	Notes	2017 For three months ended 30 September	2017 For nine months ended 30 September	2016 For three months ended 30 September	2016 For nine months ended 30 September
		(unaudited)			
Interest income					
Loans to customers		1,655,033	5,197,105	1,979,919	6,237,269
Investment securities other than designated at fair value through profit or loss		831,316	2,851,902	866,564	2,919,781
Amounts due from credit institutions		35,766	82,356	38,542	246,128
Amounts due from the National Bank of Ukraine		81,713	160,252	20,077	346,181
		2,603,828	8,291,615	2,905,102	9,749,359
Investment securities designated at fair value through profit or loss		309,050	897,580	216,471	593,330
		2,912,878	**9,189,195**	**3,121,573**	**10,342,689**
Interest expense					
Amounts due to customers		(1,027,504)	(3,253,605)	(1,165,231)	(3,959,311)
Eurobonds issued		(868,110)	(2,622,231)	(848,711)	(2,535,972)
Amounts due to credit institutions		(342,208)	(999,287)	(309,839)	(863,650)
Subordinated debt		(69,648)	(208,663)	(150,341)	(693,700)
		(2,307,470)	**(7,083,786)**	**(2,474,122)**	**(8,052,633)**
Net interest income		**605,408**	**2,105,409**	**647,451**	**2,290,056**
Allowance for loan impairment charge	5,6	546,622	(539,933)	(3,453,491)	(5,886,569)
Net interest gains / (losses) after allowance for loan impairment		**1,152,030**	**1,565,476**	**(2,806,040)**	**(3,596,513)**
Commission income		236,557	684,931	230,610	767,001
Commission expense		(81,977)	(239,544)	(72,125)	(262,257)
Net commission income	17	**154,580**	**445,387**	**158,485**	**504,744**
Net (losses)/gains from investment securities designated at fair value through profit or loss		176,787	(398,453)	5,059,813	5,567,950
Net (losses)/gains from investment securities available for sale					
- dealing		-	(14)	-	-
- reversal of losses on impairment		6,957	4,581	-	-
- net (losses)/gains previously indicated in other comprehensive income		(16,694)	(61,162)	524	4,365
Net gains/(losses) from foreign currencies:					
- dealing		122,647	341,829	122,465	353,258
- translation differences		(451,275)	693,286	(1,169,034)	(2,109,282)
Net gains/(losses) from precious metals:					
- dealing		180	642	176	499
- revaluation		(2,892)	(3,258)	(773)	(5,020)
Other income		55,170	149,132	18,693	89,656
Other net non-interest income		**(109,120)**	**726,583**	**4,031,864**	**3,901,426**
Personnel expenses	18	(244,669)	(643,115)	(179,629)	(548,606)
Depreciation and amortisation		(25,447)	(75,676)	(25,137)	(77,098)
Provisions for impairment of other assets and for covering other losses	10	1,912	4,648	(103,215)	(134,400)
Loss from initial recognition of financial assets		-	(116)	(7,350)	(7,350)
Other operating expenses	18	(152,633)	(458,980)	(149,191)	(462,693)
Non-interest expense		**(420,837)**	**(1,173,239)**	**(464,522)**	**(1,230,147)**
Profit/(Loss) before tax		**776,653**	**1,564,207**	**919,787**	**(420,490)**
Income tax expenses	9	(54,175)	(111,506)	-	-
Profit/(Loss) for the period		**722,478**	**1,452,701**	**919,787**	**(420,490)**

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28 November 2017

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

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

INTERIM CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For nine months ended 30 September 2017
(thousands of Ukrainian Hryvnia)

	2017		*2016*	
	For three months ended 30 September	*For nine months ended 30 September*	*For three months ended 30 September*	*For nine months ended 30 September*
	(unaudited)			
Profit / (loss) for the period	**722,478**	**1,452,701**	**919,787**	**(420,490)**
Other comprehensive income:				
Other comprehensive income to be reclassified through the consolidated statement of profit and loss:				
Net profit on investment securities available-for-sale (Note 15)	367,475	13,648	228,725	158,973
Other comprehensive income for the period	**367,475**	**13,648**	**228,725**	**158,973**
Total comprehensive income/(loss) for the period	**1,089,953**	**1,466,349**	**1,148,512**	**(261,517)**

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28 November 2017

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 (CONSOLIDATED EQUITY STATEMENT)
For nine months ended 30 September 2017
(thousands of Ukrainian Hryvnia)

	Share capital	*Revaluation reserve*	*Result from operations with the shareholder*	*Accumulated deficit*	*Reserve and other funds of the Bank*	*Total capital*
As at 1 January 2016	**21,689,042**	**664,823**	**-**	**(25,577,130)**	**162,926**	**(3,060,339)**
Loss for the period	-	-	-	(420,490)	-	(420,490)
Other comprehensive income for the period	-	158,973	-	-	-	158,973
Total comprehensive loss for the period	**-**	**158,973**	**-**	**(420,490)**	**-**	**(261,517)**
Amortisation of revaluation reserve, net of tax (Note 15)	-	(13,800)	-	13,800	-	-
Increase in share capital	9,318,999	-	-	-	-	9,318,999
As at 30 September 2016 (unaudited)	**31,008,041**	**809,996**	**-**	**(25,983,820)**	**162,926**	**5,997,143**
As at 1 January 2017	**31,008,041**	**725,335**	**-**	**(26,536,036)**	**162,926**	**5,360,266**
Profit for the period	-	-	-	1,452,701	-	1,452,701
Other comprehensive income for the period	-	13,648	-	-	-	13,648
Total comprehensive income for the period	**-**	**13,648**	**-**	**1,452,701**	**-**	**1,466,349**
Effect of initial recognition of Ukrainian state bonds obtained as the shareholder’s contribution (Note 15)	-	-	635,104	-	-	635,104
Amortisation of revaluation reserve, net of tax (Note 15)	-	(13,801)	-	13,801	-	-
Increase in share capital (Note 15)	7,722,001	-	-	-	-	7,722,001
As at 30 September 2017 (unaudited)	**38,730,042**	**725,182**	**635,104**	**(25,069,534)**	**162,926**	**15,183,720**

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28 November 2017

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 nine months ended 30 September 2017
(direct method)
(thousands of Ukrainian Hryvnia)

	Notes	For nine months ended 30 September 2017 (unaudited)	2016
Cash flows from operating activities			
Interest received		8,433,960	8,319,098
Interest paid		(6,825,403)	(7,939,372)
Commissions received		687,754	656,621
Commissions paid		(239,274)	(259,369)
Result from dealing in foreign currencies and precious metals		342,471	358,122
Personnel expenses		(660,493)	(583,290)
Other operating income		106,922	70,230
Other operating and administrative expenses		(462,459)	(497,860)
Cash flow from operating activities before changes in operating assets and liabilities		**1,383,478**	**124,180**
Net (increase)/decrease in operating assets:			
Amounts due from credit institutions		663,508	2,361,962
Loans to customers		964,699	(780,213)
Other assets		(77,692)	(74,462)
Net increase / (decrease) in operating liabilities:			
Amounts due to credit institutions		(1,239,469)	1,124,426
Amounts due to the National Bank of Ukraine		600	(2,976,917)
Amounts due to customers		1,707,666	(3,325,107)
Other liabilities		32,780	97,014
Net cash flow from operating activities before income tax		**3,435,570**	**(3,449,117)**
Income tax paid		(21,241)	(193,451)
Net cash flow from operating activities		**3,414,329**	**(3,642,568)**
Cash flows from investing activities			
Proceeds from sale and redemption of investment securities		9,284,440	27,189,467
Purchase of investment securities		(5,303,932)	(29,191,932)
Dividends received		106	24
Purchases of property, equipment and intangible assets		(46,661)	(30,696)
Proceeds from sale of property and equipment		130,997	171
Proceeds from sale of investment property		12,154	77,468
Net cash flows from investing activities		**4,077,104**	**(1,955,498)**
Cash flows from financing activities			
Subordinated debt repayment		-	(6,203,838)
Proceeds from borrowings from credit institutions		363,231	6,260,730
Repayment of borrowings from credit institutions		(2,333,052)	(1,500,429)
Net cash flows from financing activities		**(1,969,821)**	**(1,443,537)**
Effect of exchange rates changes on cash and cash equivalents		13,977	947,609
Net change in cash and cash equivalents		**5,535,589**	**(6,093,994)**
Cash and cash equivalents, 1 January		**21,378,517**	**24,241,179**
Cash and cash equivalents, 30 September	4	**26,914,106**	**18,147,185**

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

1. Principal activities

Joint Stock Company The State Export-Import Bank of Ukraine (hereinafter – "UkrEximBank") was founded in 1992. UkrEximBank operates under Banking license No.2 dated 05.10.2011 and a General License to Conduct Foreign Currency Transactions No. 2-2 dated 18.11.2016.

As at 30 September 2017 and 31 December 2016, 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 Antonovycha Str. It has 24 branches and 57 operating outlets (31 December 2016: 24 branches and 59 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 individuals and legal entities, and makes loans, payments within Ukraine and transfers abroad, 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 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 of the Ukrainian Government.

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 registered in Ukraine, and operates in the trading and leasing business.

"Eximleasing" Ltd, 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 financial statements preparation

These interim condensed consolidated financial statements for nine months ended 30 September 2017 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting".

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 2016, 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" thousands), 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 2016 financial year, except for the introduction of new IFRS as described in Note 2 to the annual consolidated financial statements of the Bank for 2016 financial year.

The application of the new standards, interpretations and amendments to the existing standards which are effective for the Bank from 1 January 2017 and have been disclosed in the Bank's consolidated financial statements for the year ended 31 December 2016 had no impact on these interim condensed consolidated financial statements.

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 stabilization and further recovery of the Ukrainian economy depends on the settlement of the conflict in the east of the country, further international financial aid, foreign trade conditions, and the policies and decisions of the Verhovna Rada, the Government, the NBU and the Administration of the President with regard to social and economic reforms. As a result, banking operations in Ukraine involve high risks that are not typical for developed markets.

The Ukrainian economy is open and vulnerable to changes in the global commodity and capital markets. The pricing environment in the key commodity markets remained favorable. In particular, the increase in prices for the metal industry products and record volumes of agricultural products supplies against the background of the continued geographical reorientation of the foreign trade have contributed to the growth of exports of goods and services. At the same time, the increase in the volatility of the world commodity markets against a background of continued growth of imports has resulted in an increase in the current account deficit.

Receiving the next tranche from the IMF and financial aid from the international financial institutions (IFIs) and Ukraine's entering (for the first time since 2013) the international capital market facilitated income of currency under the financial account, which together with the international trade intensification have ensured the stability of the national currency exchange rate in the I–III quarters of this year. As at 30 September 2017 the official exchange rate of Hryvnia against US dollar was UAH 26.52 per USD 1 (as of 31 December 2016 — 27.19).

The growth of the internal investment and consumer demand, along with boost of international trade contributed to growth of the majority of the real sectors of economy and continued overall recovery of the Ukrainian economy. In particular, according to the State Statistics Service, for the 1st quarter of 2017 the gross domestic product grew by 2.5% compared to the same period of the previous year, by 2.3% in the 2nd quarter, and by 2.1% in the 3rd quarter (preliminary assessment).

Loss of production assets in the east of the country and temporary suspension of cargo movements through the battle line within certain districts of Donetsk and Luhansk Oblasts (CDDLO) have resulted in coal deficit, interruption of production chains and decrease of production in the mining and metals sector of Ukraine. Under such conditions, the industrial production in Ukraine in the January–September of this year decreased by 0.3%.

Continued increase in administratively regulated prices and tariffs, retail prices of industrial producers, cost of motor fuel, alimentary products, and services were the key factors affecting the consumer inflation. According to the State Statistics Service, the index of consumer prices in January–September of this year grew by 10.2% (compared to December 2016). Whereas since the beginning of this year the National Bank of Ukraine decreased the discount rate twice — from 14% to 12.5%.

The continued growth of NPLs, the high levels of existing debt burden carried by the enterprises and respective high risks of asset-side transactions result in the low lending activity of banks in Ukraine. At that, the banking institutions continued using their available liquidity, mainly for investing in low risk instruments, in particular for purchase of government bonds.

The continued trend towards the excess of household spending over income received, the continuing threat of growing unemployment, the companies' low liquidity and performance adversely affect the borrowers' ability to service their loans with the Bank. Upon receiving respective information, the Bank promptly reviews the future estimated cash flows and responds appropriately to support the sustainability of its business, including through optimization and cutting of costs.

Changes in accounting policies

The following amended standards became effective for the Bank from 1 January 2017:

Amendments to IAS 12 Income Taxes

In January 2016, the IFRS Advisory Council issued amendments to IAS 12 Income Tax clarifying the accounting procedure for deferred tax assets related to debt instruments, which for the purpose of accounting are measured at fair value, and for the purpose of tax accounting – at initial value.

The above amendments have no material impact on the financial statements.

Amendments to IAS 7 Statement of Cash Flows

In January 2016, the IFRS Advisory Council issued amendments to IAS 7 Statement of Cash Flows in order to improve disclosure by the companies of information concerning their financial performance and provide the customers with more accurate picture of the liquidity position of companies. Under the new requirements, companies will disclose information about the changes in liabilities resulting from financial activities, including changes caused by cash flows and changes not caused thereby (for example, as a result of foreign-exchange fluctuations). The amendments are effective since 1 January 2017.

The disclosure is not mandatory in this interim condensed consolidated financial statements. The Bank shall apply the above amendments in preparation of the 2017 annual financial statements.

Future changes in accounting policies

Certain new standards and interpretations were promulgated that are mandatory for the annual periods starting on or after 1 January 2018, and which were not early adopted by the Bank.

IFRS 9 Financial Instruments

In July 2014, the IFRS Advisory Council issued the final version of IFRS 9 Financial Instruments that includes all stages of preparation of drafts for financial instruments and supersedes IAS 39 Financial Instruments: Recognition and Measurement and all the previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

As to classification and measurement, the new standard requires the evaluation of all financial assets, excluding equity and derivatives, to be performed through the combined approach based on the business model used by the organization for financial assets management and characteristics of the financial asset related to the cash flows stipulated by the agreement. The following categories of financial instruments were introduces instead of categories established by IAS 39: measured at fair value through profit or loss (income statement), at fair value through other comprehensive income and amortized value. IFRS 9 also enables companies to continue assignment of (but without subsequent reclassification) financial instruments recognized as measured at amortized value or at fair value through other comprehensive income to the category of financial instruments measured at fair value through profit or loss, if it allows for elimination or significant reduction of inconsistency of approaches towards measurement or recognition.

Equity instruments that are not held for trading may be assigned (without subsequent reclassification) to the category of instruments measured at fair value through other comprehensive income, and gains or losses under such instruments will no longer be reflected in the income statement. The accounting of financial liabilities is in general similar to IAS 39 requirements.

IFRS 9 fundamentally changes the approach towards accounting of impaired loans. The estimated approach requiring reflection of expected credit losses was introduced instead of the approach based on the incurred losses under IAS 39. The Bank shall be obliged to recognize the assessed reserve for expected loan losses under all loans and other debt financial assets that are not measured at fair value through profit or loss, as well as under the commitments to extend loans and financial guarantees.

The reserve should be assessed in the amount equal to the expected loan losses caused by the probability of default over the next 12 months. In cases where credit risk under the instrument has increased significantly since its initial recognition, the reserve is assessed based on the probability of default during the whole term of the asset.

IFRS 9 is effective for annual periods starting on or after 1 January 2018. Earlier application is allowed. Retrospective application is required, but the presentation of comparative information is not required. The impact of the standard application as at the date of migration (1 January 2018) should be reflected in retained earnings.

The standard is expected to have a significant impact on the Bank's loan impairment provisions. The Bank is currently assessing the impact of the new standard on its financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 issued in May 2014 introduces a new five-level model applied to revenue from contracts with customers. Revenue from lease contracts, insurance contracts, as well as revenue from financial instruments and other contractual rights and obligations related to spheres where IAS 17 Leases, IFRS 4 Insurance Contracts and IAS 39 Financial Instruments: Recognition and Measurement (or in case of early application, IFRS 9 Financial Instruments) are applied, respectfully does not fall within the scope of IFRS 15 and is governed by respective standards.

Revenue under IFRS 15 is recognized in the amount that reflects the reward the company estimates to receive in exchange for transferring goods or rendering services to a customer. The principles of IFRS 15 ensure more structured approach to measurement and recognition of revenue.

The new standard applies to all companies and will substitute all current IFRS requirements to revenue recognition. Full or modified retrospective application is required for annual reporting periods starting on or after 1 January 2018. Early application is allowed.

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

IFRS 16 Leases

In January 2016, the IFRS Advisory Council issued a new standard IFRS 16 Leases that regulates accounting of lease contracts. According to the new standard, the procedure of accounting lease contracts will not substantially change for leasers. Although for lessees, a requirement is introduced to recognize the majority of lease contracts through booking lease obligation and respective assets in form of right of use on the balance. Lessees shall apply the unified model for all recognized lease contracts, although they are entitled not to recognize short-term lease and lease of low-cost underlying assets. The procedure for recognizing revenues or losses under all recognized lease contracts in general corresponds to the current procedure for recognizing financial lease, whereas interest and amortization expenses shall be recognized separately in the financial results statement.

IFRS 16 comes into force for annual reporting periods starting from or after 1 January 2019. Early application is allowed if the company starts applying the new standard of accounting of revenue IFRS 15 starting from the same date.

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

Amendments to IFRS 2 Share-based Payments

The IFRS Advisory Council issued amendments to IFRS 2 Share-based Payments, which are related to classification and assessment of share-based payments transactions. The amendments are intended to eliminate discrepancies in the practice of applying the standard, yet they address a limited range of issues only related to classification and measurement. The amendments clarify the requirements in three main spheres:

- impact of conditions of transfer of rights on measure share-based payments transactions with cash settlements;
- classification of share-based payments transaction, conditions of which allow the company to withhold a share of equity instruments subject to transfer to an employee, in order to fulfill the obligation of paying the respective tax for such an employee;
- accounting procedure in cases where modification of share-based payment transaction conditions requires re-assignment thereof from the category of cash settlement transactions into the category of equity instruments settlement transactions.

The above amendments come into effect for annual reporting periods starting from or after 1 January 2018. The application of amendments does not require companies to re-measure data for previous periods; retrospective application is allowed if the company decides to apply all the three amendments simultaneously and meets certain other criteria. Early application is allowed as well.

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

Amendments to IFRS 4 – Application of IFRS 9 – Financial Instruments Simultaneously with IFRS 4 – Insurance Contracts

The amendments are intended to eliminate issues that arise in relation to application of the new standard for financial instruments, IFRS 9, until the moment when companies start applying the new standard for accounting insurance contracts, which is currently being developed by the IRFS Advisory Council to substitute IFRS 4. According to the amendments, the companies that enter into insurance agreements may select from two options: temporary exemption from IFRS 9 application or application of the overlay method. Temporary exemption from IFRS 9 application may be used by the companies whose business is mainly related to insurance. Such companies may continue applying IAS 39 – Financial Instruments: Recognition and Measurement and postpone application of IFRS 9 until 1 January 2021, but no later than that date. The compensatory approach envisages mandatory correction of profit or losses in order to exclude their additional volatility that may arise due to simultaneous application of IFRS 9 and IFRS 4.

Temporary exemption is allowed to be used for the first time within the periods starting from 1 January 2018 of after that date. The compensatory approach may be selected by a company upon the first application of IFRS 9 and should be applied retrospectively to financial assets assigned into a certain category upon migration to IFRS 9.

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

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

The clarification resolves the issue on transaction date determination in order to determine the currency exchange rate; it applies upon initial recognition of a respective asset, expenses or income (of a part thereof) upon de-recognition of a non-cash asset of a non-cash liability arisen due to advance payment in foreign currency. According to IAS 21, the transaction date for the purpose of determining the currency exchange rate applied upon the initial recognition of a respective asset, losses or income (or a part thereof) is the date on which an organization first records a non-cash asset or a non-cash liability arisen due to advance consideration in foreign currency. In case of several payments or revenues effected on a prepaid basis, an organization shall determine each date of payment or revenue effected on a prepaid basis in foreign currency. IFRIC 22 applies only in cases when an organization recognizes a non-cash asset or a non-cash liability arisen due to advance payment. IFRIC 22 does not contain a practical guide to determination of an accounting item as cash or non-cash. In general, a payment or receipt of consideration effected on a prepaid basis leads to recognition of a non-cash asset of a non-cash liability, although they may as well lead to creation of a cash asset or liability. An organization may need to obtain professional opinion in order to determine if a certain accounting item is cash or non-cash.

Transfer to or out of the category of investment property – Amendments to IAS 40

The amendments clarify requirement for transfer of objects under construction to / out of the category of investment property. Before the amendments were issued, IAS 40 did not contain a separate guide on transfer of objects under construction to / out of the category of investment property. The amendment clarifies that there was no intention to forbid transferring to the category of investment property of investment properties under construction or development and are classified as inventory, in case of obvious change of pattern of use. IAS 40 was supplemented in order to enhance the procedure of applying the principles of transferring to / out of the category of investment property in accordance with IAS 40 with a clarification that transferring to / out of the category of investment property may only be performed in case of change of pattern of property use; and such change of pattern of use shall require assessment of possibility of classifying the property as investment one. Such change of pattern of use shall be supported by facts.

(thousands of Ukrainian Hryvnia, unless otherwise stated)

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

Unless otherwise is indicated above, no material impact of these new standards and interpretations on the Bank's financial statements is expected.

Significant accounting judgments and estimates

Preparation of the consolidated interim condensed financial statements requires the management of the Bank to make judgments, estimates and assumptions affecting the accounting policy, recognition of assets, liabilities, revenues and expenses. The actual results may differ from such estimates. In preparing the present consolidated interim condensed financial statements, the most significant judgments used by the management in applying the Bank's accounting policies and the key sources of estimation uncertainty were similar to those used in preparing the annual consolidated financial statements for the year ended 31 December 2016.

3. Segment information

For management purposes, the Bank recognizes the following operating segments (business units):

Retail banking	Business Unit focusing 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 focusing on servicing corporate customers and selling products that require individual approach and are mainly offered to corporate clients.
Inter-bank and investments business	Business Unit focusing 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 the share of the open currency position allocated by the Bank to purchase/sale/conversion of foreign currency in cash and banking metals, conversion of cashless foreign currency and purchase/sale of foreign currency for Hryvnias under the Bank's obligations);
- the difference between inter-segment revenues and costs of all business units, 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.

During the nine months ended 30 September 2017, 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 3,506,396 thousand (30 September 2016: UAH 3,064,316 thousand). Revenues from transactions with this external customer are reflected in the "Inter-bank and investments business" segment.

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

Geographical information

Most revenues and capital expenditures relate to Ukraine. The Bank has no significant revenues from other countries.

The following table presents income and expenses, profit and loss, and total asset and liabilities information regarding the Bank's operating segments for nine months ended 30 September 2017 (unaudited):

Joint Stock Company
"The State Export-Import Bank of Ukraine"
Notes to the interim condensed consolidated financial statements for nine months ended 30 September 2017
(thousands of Ukrainian Hryvnia, unless otherwise stated)

	Retail banking	*Corporate banking*	*Interbank and investments*	*Unallocated*	*Total*
External					
Interest income	323,413	4,888,373	3,977,409	-	9,189,195
Commission income	383,571	285,050	16,310	-	684,931
Other income	11,443	130,074	54	7,561	149,132
Net gains from operations with foreign currencies	104,737	117,852	150,910	661,616	1,035,115
Net gains from operations with precious metals	449	-	2,000	-	2,449
Gains from investment securities available-for-sale	-	-	-	4,567	4,567
Reversal of loan impairment provisions	31,908	-	-	-	31,908
Reversal of provisions for impairment of other assets and for covering other losses	-	9,801	2,810	-	12,611
Income from other segments	1,999,539	2,275,804	4,109,626	(8,384,969)	-
Total income	**2,855,060**	**7,706,954**	**8,259,119**	**(7,711,225)**	**11,109,908**
Interest expenses	(1,471,836)	(1,782,477)	(3,829,473)	-	(7,083,786)
Commission expense	(147,671)	(83,205)	(8,243)	(425)	(239,544)
Loan impairment charge	-	(561,983)	(9,855)	(3)	(571,841)
Net loss from operations with precious metals	-	-	-	(5,065)	(5,065)
Net losses previously reflected in other total income	-	-	-	(61,162)	(61,162)
Loss from investment securities designated at fair value through profit and loss	-	-	-	(398,453)	(398,453)
Personnel expenses	(306,767)	(205,026)	(48,486)	(82,836)	(643,115)
Depreciation and amortization	(44,768)	(21,438)	(3,284)	(6,186)	(75,676)
Other operating expenses	(299,904)	(90,036)	(17,966)	(51,074)	(458,980)
Charge for impairment of other assets and for covering other losses	(6,039)	-	-	(1,924)	(7,963)
Loss from initial recognition of financial assets	-	-	(116)	-	(116)
Expenses from other segments	(233,792)	(3,894,628)	(3,619,225)	7,747,645	-
Segment results	**344,283**	**1,068,161**	**722,471**	**(570,708)**	**1,564,207**
Income tax expenses					(111,506)
Income for the period					**1,452,701**
Assets and liabilities as at 30 September 2017					
Segment assets	5,155,105	57,700,496	101,421,974		164,277,575
Unallocated assets				2,607,463	2,607,463
Total assets					**166,885,038**
Segment liabilities	33,833,532	53,569,583	64,187,656		151,590,771
Unallocated liabilities				110,547	110,547
Total liabilities					**151,701,318**
Other segment information					
Capital expenditure	(28,210)	(13,484)	(2,067)	(3,893)	(47,654)

The following table presents income and expenses, profit and loss information for nine months ended 30 September 2016 (unaudited), and certain assets and liabilities information regarding the Bank's operating segments as at 31

Joint Stock Company
"The State Export-Import Bank of Ukraine"
Notes to the interim condensed consolidated financial statements for nine months ended 30 September 2017
(thousands of Ukrainian Hryvnia, unless otherwise stated)

December 2016:

	Retail banking	*Corporate banking*	*Interbank and investments*	*Unallocated*	*Total*
External					
Interest income	351,713	5,913,336	4,077,640	-	10,342,689
Commission income	366,207	384,835	15,959	-	767,001
Other income	10,653	39,096	5,417	18,146	73,312
Net gains from operations with foreign currencies	98,690	121,785	194,816	-	415,291
Net gains from operations with precious metals	358	2	12,987	-	13,347
Net gains previously indicated in other comprehensive income	-	-	-	4,365	4,365
Gain from investment securities designated at fair value through profit and loss	-	-	-	5,567,950	5,567,950
Gain from initial recognition of financial instruments	-	-	16,344	-	16,344
Reversal of loan impairment provisions	100,345	-	-	-	100,345
Reversal of provisions for impairment of other assets and for covering other losses	-	-	3,259	-	3,259
Income from other segments	**2,452,373**	**2,591,927**	**4,482,036**	**(9,526,336)**	**-**
Total income	**3,380,339**	**9,050,981**	**8,808,458**	**(3,935,875)**	**17,303,903**
Interest expenses	(1,894,924)	(2,065,074)	(4,092,635)	-	(8,052,633)
Commission expense	(107,125)	(145,736)	(9,161)	(235)	(262,257)
Loan impairment charge	-	(5,733,888)	(253,026)	-	(5,986,914)
Net loss from operations with foreign currencies	-	-	-	(2,171,315)	(2,171,315)
Net loss from operations from precious metals	-	-	-	(17,868)	(17,868)
Personnel expenses	(262,056)	(164,833)	(50,161)	(71,556)	(548,606)
Depreciation and amortization	(47,840)	(20,126)	(3,596)	(5,536)	(77,098)
Other operating expenses	(312,712)	(75,411)	(19,239)	(55,331)	(462,693)
Charge for impairment of other assets and for covering other losses	(4,425)	(129,536)	-	(3,698)	(137,659)
Loss from initial recognition of financial assets	-	-	(7,350)	-	(7,350)
Expenses from other segments	**(280,066)**	**(4,529,041)**	**(3,941,936)**	**8,751,043**	**-**
Segment results	**471,191**	**(3,812,664)**	**431,354**	**2,489,629**	**(420,490)**
Loss for the period					**(420,490)**
Assets and liabilities as at 31 December 2016					
Segment assets	4,897,657	58,936,051	93,890,451		157,724,159
Unallocated assets				2,678,070	2,678,070
Total assets					**160,402,229**
Segment liabilities	34,059,319	52,575,312	68,328,691		154,963,322
Unallocated liabilities				78,641	78,641
Total liabilities					**155,041,963**
Other segment information					
Capital expenditure	(17,221)	(6,295)	(1,126)	(1,734)	(26,376)

(thousands of Ukrainian Hryvnia, unless otherwise stated)

The main share of losses for nine months of 2017 and revenues for nine months of 2016 from investment securities designated at fair value through profit or loss is related to adjustment of internal state bonds against the currency exchange rate changes.

4. Cash and cash equivalents

Cash and cash equivalents comprise:

	30 September 2017 (unaudited)	*31 December 2016*
Current accounts with other credit institutions	15,051,641	8,884,608
Current account with the National Bank of Ukraine	5,706,490	5,372,785
Overnight deposits with other credit institutions	3,282,330	1,894,306
Deposits certificates of the National Bank of Ukraine up to 90 days	1,605,206	4,006,865
Cash on hand	1,268,439	1,219,953
Cash and cash equivalents	**26,914,106**	**21,378,517**

Ukrainian banks allocate and keep mandatory reserves on a correspondent account with the National Bank Ukraine. Since January 2015, the amount of mandatory reserves that should be kept at the beginning of each operational day on a correspondent account with the National Bank of Ukraine should be no less than 40% of the reserve base (representing the average arithmetic sum of funds calculated for the period of determination in accordance with the mandatory reserve requirements for that period) that is calculated for the relevant period of allowance.

As at 30 September 2017 and 31 December 2016 the Bank meets all the NBU's mandatory reserve requirements.

Financial and investment transactions that did not envisage use of cash and cash equivalent and were excluded from the consolidated interim condensed report of cash flows are the following:

	For the period ended 30 September 2017 (unaudited)	*For the period ended 30 September 2016*
Non-cash financial and investment transactions		
Issue of ordinary shares in exchange for state securities	7,722,001	9,318,999
Total non-cash financial and investment transactions	**7,722,001**	**9,318,999**

5. Due from credit institutions

Amounts due from credit institutions comprise:

	30 September 2017 (unaudited)	*31 December 2016*
Loans and deposits		
Ukrainian banks	1,254,904	1,706,729
OECD banks	256,523	518,053
CIS and other banks	66,321	43,989
	1,577,748	**2,268,771**
Due from other credit institutions		
Current accounts with other credit institutions in precious metals	64,695	121,567
Other amounts due from credit institutions	74,643	3
	1,717,086	**2,390,341**
Less: Allowance for impairment	(856,251)	(845,865)
Due from credit institutions	**860,835**	**1,544,476**

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

(thousands of Ukrainian Hryvnia, unless otherwise stated)

	Loans and deposits
As at 1 January 2017	**845,865**
Charge for the period	5,645
Translation differences	(2,606)
As at 30 June 2017 (unaudited)	**848,904**
Charge for the period	6,627
Translation differences	720
As at 30 September 2017 (unaudited)	**856,251**

	Loans and deposits
As at 1 January 2016	**548,746**
Charge for the period	108,155
Translation differences	1,387
As at 30 June 2016 (unaudited)	**658,288**
Charge for the period	143,407
Translation differences	7,864
As at 30 September 2016 (unaudited)	**809,559**

6. Loans to customers

Loans to customers comprise:

	30 September 2017 (unaudited)	*31 December 2016*
Commercial loans	102,797,565	103,403,198
Overdrafts	590,042	456,206
Financial lease receivables	72,680	94,664
Promissory notes	52,346	66,270
	103,512,633	**104,020,338**
Less: Allowance for impairment	(46,064,732)	(45,550,807)
Loans to customers	**57,447,901**	**58,469,531**

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

	30 September 2017 (unaudited)	*31 December 2016*
Private entities	82,081,486	82,390,783
State entities	20,086,197	20,039,806
Individuals	1,327,971	1,333,388
Municipal entities	16,979	256,361
	103,512,633	**104,020,338**

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 at 1 January 2017	**45,512,446**	**31,920**	**5,135**	**1,306**	**45,550,807**
Charge/(reversal) for the period	1,100,426	(19,193)	(100)	(223)	1,080,910
Recoveries	21,960	-	-	-	21,960
Amounts written-off	-	-	(152)	-	(152)
Translation differences	(835,192)	-	-	-	(835,192)

(thousands of Ukrainian Hryvnia, unless otherwise stated)

	Commercial loans	*Overdrafts*	*Financial lease receivables*	*Promissory notes*	*Total*
As at 30 June 2017 (unaudited)	**45,799,640**	**12,727**	**4,883**	**1,083**	**45,818,333**
Charge/(reversal) for the period	(561,457)	8,462	(150)	(104)	(553,249)
Recoveries	9,785	-	-	-	9,785
Translation differences	789,863	-	-	-	789,863
As at 30 September 2017 (unaudited)	**46,037,831**	**21,189**	**4,733**	**979**	**46,064,732**

	Commercial loans	*Overdrafts*	*Financial lease receivables*	*Promissory notes*	*Total*
As at 1 January 2016	**40,806,110**	**23,916**	**17,736**	**449**	**40,848,211**
Charge/(reversal) for the period	2,328,093	(3,277)	(422)	529	2,324,923
Recoveries	23,509	-	-	-	23,509
Amounts written-off	-	-	(84)	-	(84)
Translation differences	1,137,939	-	-	-	1,137,939
As at 30 June 2016 (unaudited)	**44,295,651**	**20,639**	**17,230**	**978**	**44,334,498**
Charge/(reversal) for the period	3,317,242	4,786	(12,077)	133	3,310,084
Recoveries	23,953	-	-	-	23,953
Amounts written-off	(4,437,001)	-	84	-	(4,436,917)
Translation differences	1,546,862	-	-	-	1,546,862
As at 30 September 2016 (unaudited)	**44,746,707**	**25,425**	**5,237**	**1,111**	**44,778,480**

Credit quality by category of financial assets

The Bank applies a system of calculation of probability of default (PD) for corporate borrowers, which involves the calculation of probability of default (PD) and rating class (PD-Rate) ranging from 1 to 17 (17 grades). In the table below, for loans that are neither past due nor individually impaired, high rating means the minimum level of credit risk. Other borrowers with good financial position and high debt service quality are included in the standard credit rating. Rating which is lower than standard have lower credit quality compared to previous ratings, but loans included into this category are not necessarily individually impaired. For loans that are past due or individually impaired, standard and substandard rating indicates that there is a possibility of delays in loan repayment as a result of adverse changes in commercial, financial and economic conditions. Low rating means that there is a high probability of default of loan, the borrower's activity is poor, loss making or ceased. For the exposures of foreign credit institutions, high rating is equal to or higher than BBB- rating by Fitch, standard rating is below BBB-, but higher than CCC+, substandard rating is equal to or lower than CCC+ by Fitch.

	Neither past due nor individually impaired			*Past due or individually impaired*		
As at 30 September 2017 (unaudited)	*High Rating*	*Standard Rating*	*Substandard Rating*	*Standard and Substandard Rating*	*Low Rating*	*Total*
Loans to corporate customers:						
Commercial loans	21,941,691	10,648,300	4,866,134	26,178,451	37,835,018	101,469,594
Overdrafts	218,705	306,492	64,845	-	-	590,042
Finance lease receivables	-	62,665	5,282	-	4,733	72,680
Promissory notes	41,567	10,779	-	-	-	52,346
	22,201,963	11,028,236	4,936,261	26,178,451	37,839,751	102,184,662
Loans to individuals	65,727	30,347	8,571	130,113	1,093,213	1,327,971
Total	**22,267,690**	**11,058,583**	**4,944,832**	**26,308,564**	**38,932,964**	**103,512,633**
Provision for impairment	(331,243)	(311,938)	(502,181)	(9,639,289)	(35,280,081)	(46,064,732)
Total after provision for impairment	**21,936,447**	**10,746,645**	**4,442,651**	**16,669,275**	**3,652,883**	**57,447,901**

(thousands of Ukrainian Hryvnia, unless otherwise stated)

	Neither past due nor individually impaired			*Past due or individually impaired*		
As at 31 December 2016	*High Rating*	*Standard Rating*	*Substandard Rating*	*Standard and Substandard Rating*	*Low Rating*	*Total*
Loans to corporate customers:						
Commercial loans	9,132,815	21,269,325	7,516,521	25,175,588	38,975,561	102,069,810
Overdrafts	86,577	205,730	31,863	132,036	-	456,206
Finance lease receivables	82,378	-	7,151	-	5,135	94,664
Promissory notes	57,098	9,172	-	-	-	66,270
	9,358,868	21,484,227	7,555,535	25,307,624	38,980,696	102,686,950
Loans to individuals	7,371	46,352	13,932	171,969	1,093,764	1,333,388
Total	**9,366,239**	**21,530,579**	**7,569,467**	**25,479,593**	**40,074,460**	**104,020,338**
Provision for impairment	(113,889)	(843,220)	(626,024)	(8,193,535)	(35,774,139)	(45,550,807)
Total after provision for impairment	**9,252,350**	**20,687,359**	**6,943,443**	**17,286,058**	**4,300,321**	**58,469,531**

The Bank's policy is 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 derived in accordance with the Bank's rating policy. The respective risk ratings are assessed and updated regularly.

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

As at 30 September 2017 (unaudited)	*Less than 30 days*	*From 31 to 60 days*	*From 61 to to 90 days*	*Total*
Loans to customers:				
Loans to corporate customers	24,272	1,142	612	26,026
Loans to individuals	35,312	15,282	909	51,503
Total	**59,584**	**16,424**	**1,521**	**77,529**

As at 31 December 2016	*Less than 30 days*	*From 31 to 60 days*	*From 61 to to 90 days*	*Total*
Loans to customers:				
Loans to corporate customers	11,913	275	1,843	14,031
Loans to individuals	11,071	9,289	1,562	21,922
Total	**22,984**	**9,564**	**3,405**	**35,953**

7. Investment securities

As at 30 September 2017 and 31 December 2016, investment securities designated at fair value through profit and loss represented by Ukrainian state bonds, principal of which will be indexed according to increases in the average interbank exchange rate of Hryvnia to US dollar per month, prior to the month of issue, and the average exchange rate of Hryvnia to US 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, recognizing revaluation through profit or loss.

Available-for-sale investment securities comprise:

	30 September 2017 (unaudited)	*31 December 2016*
Ukrainian state bonds	46,297,614	46,163,120
Corporate bonds	1,593,953	2,018,739
Corporate shares	16,271	11,690
Available-for-sale investments	**47,907,838**	**48,193,549**

(thousands of Ukrainian Hryvnia, unless otherwise stated)

Held-to-maturity investment securities comprise:

	30 September 2017 (unaudited)		*31 December 2016*	
	Nominal value	*Carrying value*	*Nominal value*	*Carrying value*
Ukrainian state bonds	98 164	91,839	147,246	139,098
Held-to-maturity investments		**91,839**		**139,098**

8. Intangible assets

The intangible assets flow for the period ended 30 September 2017, was as follows:

	Computer programs and licenses
Historical value	
As at 31 December 2016	**80,228**
Receipt	28,335
Withdrawal	(54)
As at 30 September 2017 (unaudited)	**108,509**
Accumulated amortization	
As at 31 December 2016	**(53,450)**
Charged for the period	(6,807)
Withdrawal	54
As at 30 September 2017 (unaudited)	**(60,203)**
Net book value:	
As at 31 December 2016	**26,778**
As at 30 September 2017 (unaudited)	**48,306**

	Computer programs and licenses
Historical value	
As at 31 December 2015	**64,785**
Receipt	6,841
Withdrawal	(360)
As at 30 September 2016 (unaudited)	**71,266**
Accumulated amortization	
As at 31 December 2015	**(47,201)**
Charged for the year	(4,416)
Withdrawal	360
As at 30 September 2016 (unaudited)	**(51,257)**
Net book value:	
As at 31 December 2015	**17,584**
As at 30 September 2016 (unaudited)	**20,009**

9. Income tax

Income tax expenses comprise:

	2017		*2016*	
	For quarter ended 30 September	*For nine months ended 30 September*	*For quarter ended 30 September*	*For nine months ended 30 September*
	(unaudited)			
Current tax expenses	(54,175)	(111,506)	-	363,279
Deferred tax	-	-	-	(363,279)
Income tax expenses	**(54,175)**	**(111,506)**	**-**	**-**

(thousands of Ukrainian Hryvnia, unless otherwise stated)

As at 30 September 2017 the income tax in Ukraine was imposed on taxable income less gross expenditures at 18% (31 December 2016: 18%).

Tax assets and liabilities comprise:

	30 September 2017 (unaudited)	*31 December 2016*
Current tax assets	10,001	101,677
Deferred tax assets	2,322,000	2,322,000
Tax assets	**2,332,001**	**2,423,677**

10. Allowances for impairment and other allowances

The movements in impairment allowances and other allowances were as follows:

	Other assets	*Guarantees and commitments*	*Total*
As at 1 January 2017	**400,408**	**5,137**	**405,545**
Reversal for the period	(1,643)	(1,093)	(2,736)
Amounts written-off	(2,157)	-	(2,157)
Translation differences	(522)	30	(492)
As at 30 June 2017 (unaudited)	**396,086**	**4,074**	**400,160**
Charge/(reversal) for the period	(3,682)	1,770	(1,912)
Translation differences	1,215	27	1,242
As at 30 September 2017 (unaudited)	**393,619**	**5,871**	**399,490**

	Other assets	*Guarantees and commitments*	*Total*
As at 1 January 2016	**255,304**	**22,213**	**277,517**
Charge/(reversal) for the period	46,215	(15,030)	31,185
Translation differences	1,602	934	2,536
As at 31 March 2016 (unaudited)	**303,121**	**8,117**	**311,238**
Charge/(reversal) for the period	104,628	(1,413)	103,215
Translation differences	1,947	54	2,001
Amounts written-off	(48)	-	(48)
As at 30 September 2016 (unaudited)	**409,648**	**6,758**	**416,406**

Allowances for impairment of assets are deducted from carrying value of respective assets. Allowances for guarantees and commitments are recognized in liabilities.

11. Other assets

Other assets comprise:

	30 September 2017 (unaudited)	*31 December 2016*
Other financial assets		
Other accrued income	329,944	328,429
Accounts receivables for transactions with customers	217,662	211,404
Transit accounts regarding transactions with payment cards	141,652	138,880
Fee for servicing financial guarantees	7,026	10,208
Other	117	120
	696,401	689,041
Less – impairment provision (Note 10)	(323,652)	(333,326)
Other financial assets	**372,749**	**355,715**
Other assets		
Other tax assets except for those related to income tax	259,977	259,989
Precious metals	75,383	42,477
Advance payments	68,558	50,025
Cash funds, availability of which is not confirmed	33,735	33,913
Provisions	26,191	21,127
Other	5,955	1,583

(thousands of Ukrainian Hryvnia, unless otherwise stated)

	30 September 2017 (unaudited)	*31 December 2016*
	469,799	409,114
Less – impairment provision (Note 10)	(69,967)	(67,082)
Other assets	**399,832**	**342,032**
Total other assets	**772,581**	**697,747**

12. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	30 September 2017 (unaudited)	*31 December 2016*
Current accounts		
Ukrainian banks	1,306,221	2,544,634
Correspondent account with the NBU	1,259	659
Banks in the CIS and other countries	628	826
	1,308,108	**2,546,119**
Loans and deposits		
International financial organisations	19,676,365	21,878,151
OECD banks	3,161,524	3,390,535
Ukrainian banks	76,145	116,309
	22,914,034	**25,384,995**
Other amounts due to credit instituions	10	274
Amounts due to credit instituions	**24,222,152**	**27,931,388**
Held as security against guarantees (Note 16)	-	24,528

For the purposes of the interim condensed consolidated cash flow statement presentation, the Bank allocates funds attracted from credit institutions between the funds for the operating and financing activities. Funds raised from the Ukrainian banks are included in the category of funds for operating activities, and funds raised from foreign banks for the long-term financing purposes - for financing activities.

13. Amounts due to customers

Amounts due to customers comprise:

	30 September 2017 (unaudited)	*31 December 2016*
Current accounts		
- Legal entities	16,556,981	17,638,612
- Budget financed organizations	6,023,577	4,424,952
- Individuals	3,733,850	3,516,537
- Due to funds under the Bank's management	1	8,077
	26,314,409	**25,588,178**
Time deposits		
- Legal entities	39,662,241	39,218,415
- Individuals	20,223,758	20,982,359
- Budget financed organizations	918,652	-
	60,804,651	**60,200,774**
Due to customers	**87,119,060**	**85,788,952**
Held as security against letters of credit (Note 16)	506,144	979,840
Held as security against guarantees and avals (Note 16)	426,561	446,921
Held as security against loans to customers	423,533	445,349
Held as security against undrawn loan commitments (Note 16)	-	1,805

14. Eurobonds issued

	30 September 2017 (unaudited)		*31 December 2016*	
	Nominal value (thousand of USD)	*Carrying value*	*Nominal value (thousand of USD)*	*Carrying value*
April 2010 issue	500,000	13,773,697	500,000	13,786,149
October 2010 issue	250,000	6,886,849	250,000	6,893,074
January 2013 issue	500,000	13,412,460	500,000	14,069,268
April 2013 issue	100,000	2,682,492	100,000	2,813,854
Eurobonds issued		**36,755,498**		**37,562,345**

15. Equity

As at 30 September 2017, the Bank's authorised issued share capital comprised 26,490,412 (31 December 2016: 21,208,750) ordinary shares with a nominal value of UAH 1,462.04 per share (31 December 2016: 1,462.04 per share). As at 30 September 2017, 26,490,412 ordinary shares were fully paid and registered (31 December 2016: 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 issue of 2,066,975 additional shares with the existing nominal value of UAH 1,462.04 each with 100 percent of these shares kept by the State. In March 2017, these shares were registered.

The State of Ukraine acquired the additional issue of shares that increased the share capital of the Bank by exchanging them to Ukrainian state bonds with the indexed value of UAH 3,022,001 thousand with 10-year maturity and interest rate of 6% p.a.

As at the date of initial recognition, the difference between nominal and fair value of Ukrainian state bonds obtained as the shareholder's contribution was UAH 635,104 thousand.

In March 2017 according to the Resolution of the Cabinet of Ministers of Ukraine No 123 dated 6 March 2017, the Bank's share capital was increased by UAH 4,700,001 thousand through 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. In April 2017 these shares were registered.

The State of Ukraine acquired the additional issue of shares, that increased the share capital of the Bank, by exchanging them to Ukrainian state bonds for the amount of UAH 4,700,001 thousand with 15-year maturity and interest rate of 9% p.a.

Movements in revaluation reserves

Movements in revaluation reserves were as follows:

	Property revaluation reserve	*Unrealised gains/(losses) on investment securities available for sale*	*Revaluation reserves*
As at 1 January 2017	**1,021,863**	**(296,528)**	**725,335**
Depreciation of revaluation reserve, net of tax	(9,200)	-	(9,200)
Net losses on investment securities available-for-sale reclassified to the consolidated interim condensed statement of profit and loss (income statement)	-	44,482	44,482
Net unrealised losses on available-for-sale investment securities	-	(398,309)	(398,309)
As at 30 June 2017 (unaudited)	**1,012,663**	**(650,355)**	**362,308**
Depreciation of revaluation reserve, net of tax	(4,601)	-	(4,601)
Net losses on investment securities available-for-sale reclassified to the consolidated interim condensed statement of profit and loss (income statement)	-	16,694	16,694

(thousands of Ukrainian Hryvnia, unless otherwise stated)

	Property revaluation reserve	*Unrealised gains/(losses) on investment securities available for sale*	*Revaluation reserves*
Net unrealised gains on available-for-sale investment securities	-	350,781	350,781
As at 30 September 2017 (unaudited)	**1,008,062**	**(282,880)**	**725,182**
As at 1 January 2016	**1,040,263**	**(375,440)**	**664,823**
Depreciation of revaluation reserve, net of tax	(9,199)	-	(9,199)
Net gains on investment securities available-for-sale reclassified to the consolidated interim condensed statement of profit and loss (income statement)	-	(3,841)	(3,841)
Net unrealised losses on available-for-sale investment securities	-	(65,911)	(65,911)
As at 30 June 2016 (unaudited)	**1,031,064**	**(445,192)**	**585,872**
Depreciation of revaluation reserve, net of tax	(4,601)	-	(4,601)
Net gains on investment securities available-for-sale reclassified to the consolidated interim condensed statement of profit and loss (income statement)	-	(524)	(524)
Net unrealised gains on available-for-sale investment securities	-	229,249	229,249
As at 30 September 2016 (unaudited)	**1,026,463**	**(216,467)**	**809,996**

Nature and purpose of revaluation reserves

Property revaluation reserve

The revaluation reserve for property and equipment is used to record increases in the fair value of buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

Unrealised losses on available-for-sale investment securities

This provision reflects changes in fair value of available-for-sale investment securities.

16. Commitments and contingent financial liabilities

Commitments and contingent financial liabilities comprise:

	30 September 2017 (unaudited)	*31 December 2016*
Guarantees	2,792,938	3,748,869
Letters of credit	524,083	1,115,770
Avals on promissory notes	473,333	117,620
Undrawn loan commitments	372,064	273,651
	4,162,418	**5,255,910**
Less – Provisions (Note 10)	(5,871)	(5,137)
Financial commitments and contingencies (before deducting collateral)	**4,156,547**	**5,250,773**
Less — cash held as security against letters of credit, avals and guarantees, and undrawn loan commitments (Note 12, Note 13)	(932,705)	(1,453,094)
Financial commitments and contingencies	**3,223,842**	**3,797,679**

17. Net commission income

(thousands of Ukrainian Hryvnia, unless otherwise stated)

	2017		*2016*	
	For three months ended 30 September	*For nine months ended 30 September*	*For three months ended 30 September*	*For nine months ended 30 September*
	(unaudited)			
Net commission income comprises:				
Commission income				
Cash and settlement service	161,466	466,142	157,650	436,992
Operations with banks	33,827	94,694	29,012	84,337
Guarantees and letters of credit	29,412	93,619	36,486	217,739
Credit servicing commission	2,475	6,355	2,339	8,105
Other	9,377	24,121	5,123	19,828
	236,557	**684,931**	**230,610**	**767,001**
Commission expense				
Cash and settlement service	(76,817)	(221,721)	(65,220)	(172,609)
Guarantees and letters of credit	(2,018)	(10,534)	(5,062)	(84,818)
Currency conversion	(1,571)	(2,922)	(809)	(1,867)
Other	(1,571)	(4,367)	(1,034)	(2,963)
	(81,977)	**(239,544)**	**(72,125)**	**(262,257)**
Net commission income	**154,580**	**445,387**	**158,485**	**504,744**

18. Personnel expenses and other operating expenses

Personnel expenses and other operating expenses comprise:

	2017		*2016*	
	For three months ended 30 September	*For nine months ended 30 September*	*For three months ended 30 September*	*For nine months ended 30 September*
	(unaudited)			
Salaries and bonuses	205,768	535,425	149,428	454,961
Charges on the payroll	38,901	107,690	30,201	93,645
Personnel expenses	**244,669**	**643,115**	**179,629**	**548,606**
Payables to the Individual Deposit Guarantee Fund	53,494	164,938	55,241	168,180
Repair and maintenance of fixed assets	26,180	73,776	29,038	74,755
Operating taxes	14,156	38,082	8,893	42,502
Security	11,145	31,817	9,378	25,063
Maintenance of premises	6,726	26,210	6,936	23,809
Electronic data processing expenses	6,802	19,738	6,447	19,082
Rent of premises	6,632	17,236	6,425	20,353
Expenses for cash collection	5,738	16,920	5,978	16,980
Legal and advisory services	3,860	13,623	4,213	19,991
Household expenses	3,839	12,879	4,125	12,856
Communication services	4,746	10,607	3,421	9,588
Marketing and advertising	1,134	4,376	385	3,335
Business travel and related expenses	1,040	3,311	1,085	4,707
Representative offices expenses	820	2,499	778	3,318
Other	6,321	22,968	6,848	18,174
Other operating expenses	**152,633**	**458,980**	**149,191**	**462,693**

Expenses for payments to the non-state pension fund for nine months ended 30 September 2017 amounted to UAH 8,958 thousand (nine months of 2016: UAH 7,692 thousand).

19. Fair value of assets and liabilities

Fair value of financial assets and financial liabilities not measured 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 measured at fair value in the consolidated interim condensed statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

(thousands of Ukrainian Hryvnia, unless otherwise stated)

	30 September 2017 (unaudited)			*31 December 2016*		
	Carrying value	*Fair value*	*Unrecognized gain / (loss)*	*Carrying value*	*Fair value*	*Unrecognized gain / (loss)*
Financial assets						
Cash and cash equivalents	26,914,106	26,914,106	-	21,378,517	21,378,517	-
Amounts due from credit institutions	796,140	796,140	-	1,422,909	1,422,909	-
Loans to customers	57,447,901	57,867,119	419,218	58,469,531	58,414,201	(55,330)
Securities held to maturity	91,839	118,087	26,248	139,098	142,295	3,197
Other assets	372,749	372,749	-	355,715	355,715	-
Financial liabilities						
Amounts due to credit institutions	24,222,152	24,222,152	-	27,931,388	27,931,388	-
Amounts due to customers	86,983,467	86,955,563	27,904	85,622,585	85,592,252	30,333
Eurobonds issued	36,755,498	39,801,926	(3,046,428)	37,562,345	37,014,419	547,926
Subordinated debt	3,344,950	3,333,812	11,138	3,495,895	2,961,457	534,438
Other liabilities	55,892	55,892	-	46,853	46,853	-
Total unrecognized change in unrealized fair value			**(2,561,920)**			**1 060 564**

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 consolidated interim condensed financial statement.

Assets fair value of which approximates to 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 value approximates to 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 value of fixed rate financial assets and liabilities recorded at amortized cost is determined by comparing market interest rates at the date when they were first recognized 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 value is determined 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 measured at fair value

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

- Level 1: for financial instruments whose fair values is estimated directly based on quotations of a financial instrument in active markets;
- 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 market 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.

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

	Fair value recurring measurements		
As at 30 September 2017 (unaudited)	*Level 2*	*Level 3*	*Total*
Current accounts with other credit institutions in precious metals	64,695	-	64,695
Investment securities at fair value through profit or loss	27,196,476	-	27 196,476
Available-for-sale investment securities	47,891,567	16,271	47,907,838
Total assets	**75,152,738**	**16,271**	**75,169,009**
Amounts due to customers in precious metals	135,593	-	135,593
Total liabilities	**135,593**	**-**	**135,593**

	Fair value recurring measurements		
As at 31 December 2016	*Level 2*	*Level 3*	*Total*
Current accounts with other credit institutions in precious metals	121,567	-	121,567
Investment securities at fair value through profit or loss	24,064,110	-	24,064,110
Available-for-sale investment securities	48,181,859	11,690	48,193,549
Total assets	**72,367,536**	**11,690**	**72,379,226**
Amounts due to customers in precious metals	166,367	-	166,367
Total liabilities	**166,367**	**-**	**166,367**

The Bank assesses whether any transfers between levels of the fair value hierarchy are required at the end of each reporting period. During nine months ended 30 September 2017, the Bank did not transfer investment securities 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 basis of non-observable market inputs.

Movements in level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing amount of Level 3 financial assets and liabilities, which is recorded at fair value:

	As at 1 January 2017	*Profit recorded in the interim condensed consolidated statement of profit and loss*	*Settlements*	*As at 30 September 2017 (unaudited)*
Available-for-sale investment securities	11,690	4,687[a]	(106)[b]	16,271
Total assets	**11,690**	**4,687**	**(106)**	**16,271**

	As at 1 January 2016	*Profit recorded in the interim condensed consolidated statement of profit and loss*	*Settlements*	*As at 30 September 2016 (unaudited)*
Available-for-sale investment securities	11,690	24[a]	(24)[b]	11,690
Total assets	**11,690**	**24**	**(24)**	**11,690**

[a] for nine months of 2017: UAH 4,581 thousand of gain (reversal of impairment losses) included in "Reversal of losses on impairment of available-for-sale investment securities" and UAH 106 thousand of gain included in "Other income" (nine months of 2016: UAH 24 thousand of gain included in "Other income").

[b] for nine months of 2017: UAH 106 thousand of settlements include UAH 106 thousand of repayments (nine months of 2016: UAH 24 thousand of repayments).

The table below shows the quantitative information as at 30 September 2017 and 31 December 2016 about significant unobservable inputs used for the fair valuation of financial instruments classified as those of the 3 level of the fair value hierarchy:

As at 30 September 2017 (unaudited)	*Carrying value*	*Valuation technique*	*Unobservable parameter*	*Range of parameter values*
Available-for-sale investment securities	16,271	Discounted cash flows	Expected profitability	Corporate: 8.54% – 15.90%
			Risk factor	Corporate: 0 – 1.0

As at 31 December 2016	*Carrying value*	*Valuation technique*	*Unobservable parameter*	*Range of parameter values*
Available-for-sale investment securities	11,690	Discounted cash flows	Expected profitability	Corporate: 13.50% – 32.00%
			Risk factor	Corporate: 0 – 1.0

Gains and losses under level 3 financial instruments included into the interim condensed consolidated statement of profit and loss:

(thousands of Ukrainian Hryvnia, unless otherwise stated)

	For the period ended 30 September 2017 (unaudited)		
	Realized gains	*Unrealized gains*	*Total*
Total gains included in profit and loss for the period	106	4,581	4,687

	For nine months ended 30 September 2017 (unaudited)	
	Realized gains	*Total*
Total gains included in profit and loss for the period	24	24

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

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 was made 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 September 2016: +/-30%) of the level as at the end of the reporting period.

20. Related party transactions

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 operational or financial 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 controlled by the state (directly or indirectly, or significantly influenced by the state), and key management personnel.

Balances with key management personnel as at 30 September 2017 and 31 December 2016 and related income and expense for nine months ended 30 September 2017 and 2016 are as follows:

	30 September 2017 (unaudited)	*31 December 2016*
	Key management personnel	*Key management personnel*
Loans to customers, total	163	401
Less - provisions for impairment	(18)	(269)
Loans to customers, net	**145**	**132**
Current accounts	4,136	4,399
Time deposits	8,258	5,511
Amounts due to customers	**12,394**	**9,910**
Other liabilities	(10)	(7)

	For nine months ended 30 September	
	2017 (unaudited)	*2016 (unaudited)*
	Key management personnel	*Key management personnel*
Interest income on loans	21	57
Interest expense on customers' deposits	(348)	(129)
Commission income	12	2
Translation differences	53	(1,649)

For nine months ended 30 September 2017, the total remuneration and other benefits paid to key management personnel amounted to UAH 15,658 thousand (including UAH 200 thousand of payment to the non-state pension fund) (nine months of 2016: UAH 14,349 thousand (including UAH 218 thousand of payment to the non-state pension fund.)).

(thousands of Ukrainian Hryvnia, unless otherwise stated)

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 such 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 material in terms of the carrying value as at 30 September 2017 (unaudited) were as follows:

Client	*Sector*	*Cash and cash equivalents*	*Loans to customers*	*Amounts due to customers*	*Amounts due to the NBU*	*Guarantees issued*
Client 1	State entities	-	-	1,585,215	-	-
Client 2	State entities	-	-	1,567,855	-	-
Client 3	State entities	-	-	1,482,201	-	-
Client 4	State entities	-	-	606,213	-	-
Client 5	Agriculture and food industry	-	-	26,732,338	-	-
Client 6	Extractive industry	-	10,154,030	-	-	-
Client 7	Finance	7,311,696	-	-	1,259	-
Client 8	Power engineering	-	5,198,943	902,120	-	-
Client 9	Trade	-	-	1,511,722	-	672,012
Client 10	Trade	-	-	-	-	696,141
Client 11	Mechanical engineering	-	2,347,586	-	-	312,482
Other	-	-	708,746	6,776,330	-	-

Balances with government-related entities which are material in terms of the carrying value as at 31 December 2016 were as follows:

Client	*Sector*	*Cash and cash equivalents*	*Loans to customers*	*Amounts due to customers*	*Amounts due to the NBU*	*Amounts due to credit institu-tions*	*Guaran-tees issued*
Client 1	State entities	-	-	1,820,863	-	-	-
Client 2	State entities	-	-	1,514,166	-	-	-
Client 5	Agriculture and food industry	-	-	27,358,937	-	-	-
Client 6	Extractive industry	-	10,581,585	-	-	-	-
Client 12	Extractive industry	-	1,173,526	-	-	-	-
Client 7	Finance	5,372,785	-	-	659	-	-
Client 13	Finance	-	-	-	-	364,134	-
Client 9	Trade	-	-	1,644,607	-	-	1,357,720
Client 10	Trade	-	-	-	-	-	847,445
Client 8	Power engineering	-	3,452,694	-	-	-	-
Client 11	Mechanical engineering	-	2,290,686	-	-	-	311,872
Other	-	-	-	7,376,726	-	-	-

For nine month ended 30 September 2017, the Bank recorded UAH 1,671,739 thousand (nine months of 2016: UAH 1,956,629 thousand) of interest income from material transactions with government-related entities, including interest income of UAH 160,252 thousand (nine months of 2016: UAH 346,181 thousand) from transactions with the NBU deposit certificates with maturity up to 90 days as well as UAH 1,253,950 thousand (nine months of 2016: UAH 1,655,775 thousand) of interest expenses.

As at 30 September 2017 and 31 December 2016 the Bank's investments in debt securities and shares issued by the state or the government-related corporate entities were as follows:

(thousands of Ukrainian Hryvnia, unless otherwise stated)

	30 September 2017 (unaudited)	*31 December 2016*
Available-for-sale investment securities	47,899,872	48,192,169
Investment securities at fair value through profit or loss	27,196,476	24,064,110
Investment securities held to maturity	91,839	139,098

For nine month ended 30 September 2017, the Bank recorded UAH 3,506,396 thousand (nine months of 2016: UAH 3,064,316 thousand) of interest income from transactions with government bonds, and UAH 243,089 thousand (nine months of 2016: UAH 338,894 thousand) of interest income from transactions with other investment securities.

21. Capital adequacy

The Bank performs efficient capital adequacy management for protection against risks typical for its activity. The Bank capital adequacy ratios are controlled by application of regulations approved by the NBU and the Basel Capital Accord 1988.

The main goal of the Bank capital management is to ensure compliance with the external requirements regarding capital adequacy and maintaining of high credit ratings and adequate capital adequacy ratios required for carrying out business activities and maximization of shareholder value.

The Bank manages the capital structure and respectively introduces alterations in it subject to changes in economic conditions and risk profiles related to its activity.

Capital adequacy ratio under the NBU requirements

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 are applied.

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

	30 September 2017 (unaudited)	*31 December 2016*
Main capital	7,016,564	3,908,734
Additional capital, calculated	3,943,033	4,589,478
Additional capital, included in calculation of total capital (limited to main capital)	3,943,033	3,908,734
Total capital	**10,959,597**	**7,817,468**
Risk weighted assets	**67,357,449**	**79,030,619**
Capital adequacy ratio	16.27%	9.89%

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 asset revaluation reserve, current profit, subordinated debt and retained earnings. For regulatory capital calculation purposes 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 September 2017 (unaudited)	*31 December 2016*
Tier 1 capital	13,823,434	4,634,931
Tier 2 capital, calculated	4,675,423	3,042,801
Tier 2 capital, included in calculation of total capital	4,675,423	3,042,801
Total capital	**18,498,857**	**7,677,732**
Risk weighted assets	**72,744,319**	**79,994,257**
Tier 1 capital adequacy ratio	19.0%	5.8%
Total capital adequacy ratio	25.4%	9.6%