

Summary Special-Purpose Project Financial Statements
Joint Stock Company "The State Export-Import Bank of Ukraine"
Access to Long Term Finance Project

As at 31 December 2019 and for the year then ended and for the period from the Loan Agreement effectiveness to 31 December 2019
Together with Independent Auditors' Report

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Independent Auditor’s Report

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Report of the independent auditor on the summary special-purpose project financial statements

To the Management Board of Joint Stock Company “The State Export-Import Bank of Ukraine”

Opinion

The summary special-purpose project financial statements of the Access to Long Term Finance Project (“ALTFP”) administered by Joint Stock Company “The State Export-Import Bank of Ukraine” (the “Bank”), financed under the International Bank for Reconstruction and Development (the “IBRD”) Loan Agreement №8727-UA (the “Loan Agreement”), which comprise the statement of designated account, the summary of funds received, the summary of expenditures for the year ended 31 December 2019, and the summary of statement of expenditures (SOEs) for the year ended 31 December 2019 and for the period from the Loan Agreement effectiveness to 31 December 2019, and related notes (the “summary special-purpose project financial statements”), are derived from the audited special-purpose project financial statements of ALTFP for the year ended 31 December 2019 and for the period from the Loan Agreement effectiveness to 31 December 2019.

In our opinion, the accompanying summary special-purpose project financial statements are consistent, in all material respects, with the audited special-purpose project financial statements, in accordance with the financial reporting provisions of the “Guidelines: Annual Financial Reporting and Auditing for World Bank-Financed Activities” issued by the World Bank and dated 30 June 2003 (“the World Bank’s guidelines”).

Summary special-purpose project financial statements

The summary financial special-purpose project statements do not contain all the disclosures required by financial reporting provisions of the World Bank’s guidelines. Reading the summary special-purpose project financial statements and the auditor’s report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor’s report thereon.

The audited special-purpose project financial statements and our report thereon

We expressed an unmodified audit opinion on the audited special-purpose project financial statements of ALTFP in our report dated 29 May 2020. That report also includes An *Emphasis of matter – basis of accounting and restriction on distribution and use* section that draws attention to Note 2 to the audited special-purpose project financial statements. Note 2 to the audited special-purpose project financial statements describes the basis of accounting used in preparation of the special-purpose project financial statements. The special-purpose project financial statements were prepared to assist the Bank in complying with the financial reporting provisions of the World Bank’s guidelines. As a result, the special-purpose project financial statements may not be suitable for another purpose. Accordingly, we draw attention to Note 2

(i)

to the summary special-purpose project financial statements, which reproduces Note 2 to the audited special-purpose project financial statements and describes the basis of accounting used in the audited special-purpose project financial statements. As a result, the summary special-purpose project financial statements may not be suitable for another purpose. Our auditors' report on the special-purpose project financial statements dated 29 May 2020 was intended solely for the Bank and the IBRD and should not be distributed to or used by parties other than the Bank or the IBRD. Accordingly, our auditors' report on these summary special-purpose project financial statements is also intended solely for use of those same parties and should not be distributed to or used by parties other than these specified parties.

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

Management is responsible for the preparation of the special-purpose project financial statements in accordance with the financial reporting provisions of the World Bank's guidelines referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary special-purpose project financial statements of ALTFP are consistent, in all material respects, with the audited special-purpose project financial statements of ALTFP based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.



Yulia Studynska
Partner
For and on behalf of Ernst & Young Audit services LLC

Kyiv, Ukraine
30 June 2020

Ernst & Young Audit Services LLC is included
in the Register of auditors and audit firms,
registration number: 3516.

Summary of Funds Received
For the year ended 31 December 2019 and
for the period from the Loan Agreement effectiveness to 31 December 2019
(in US dollars)

| | 2019 | For the period from the Loan Agreement effectiveness to 31 December 2019 |
|-----------------------------|-------------------|--|
| FINANCING RECEIVED: | | |
| IBRD financing: | | |
| Designated Account payments | 24,753,306 | 56,040,053 |
| Front end fee (Note 3) | — | 375,000 |
| Total IBRD financing | 24,753,306 | 56,415,053 |

Signed and authorized for release on behalf of the Board

Chairman of the Management Board



Ievgen Metsger

Summary of Expenditures
for the year ended 31 December 2019 and
for the period from the Loan Agreement effectiveness to 31 December 2019
(in US dollars)

| | 2019 | For the period from the Loan Agreement effectiveness to 31 December 2019 |
|---------------------------------------|------------|--|
| Category 1: | | |
| Sub-loans to: | | |
| JSC "Ukreximbank" | 22,980,559 | 39,108,195 |
| Sub-loan 1 | 2,101,328 | 7,995,019 |
| Sub-loan 2 | — | 6,980,569 |
| Sub-loan 3 | — | 1,095,264 |
| Sub-loan 4 | — | 403,664 |
| Sub-loan 5 | 499,682 | 603,641 |
| Sub-loan 6 | — | 54,966 |
| Sub-loan 7 | — | 307,563 |
| Sub-loan 8 | — | 85,016 |
| Sub-loan 9 | — | 218,221 |
| Sub-loan 10 | — | 829,560 |
| Sub-loan 11 | 41,247 | 96,410 |
| Sub-loan 12 | 220,000 | 320,000 |
| Sub-loan 13 | 7,113,998 | 7,113,998 |
| Sub-loan 14 | 388,103 | 388,103 |
| Sub-loan 15 | 35,763 | 35,763 |
| Sub-loan 16 | 3,037,233 | 3,037,233 |
| Sub-loan 17 | 323,738 | 323,738 |
| Sub-loan 18 | 259,297 | 259,297 |
| Sub-loan 19 | 915,696 | 915,696 |
| Sub-loan 20 | 441,216 | 441,216 |
| Sub-loan 21 | 192,106 | 192,106 |
| Sub-loan 22 | 1,309,603 | 1,309,603 |
| Sub-loan 23 | 65,375 | 65,375 |
| Sub-loan 24 | 246,916 | 246,916 |
| Sub-loan 25 | 91,336 | 91,336 |
| Sub-loan 26 | 995,178 | 995,178 |
| Sub-loan 27 | 1,176,866 | 1,176,866 |
| Sub-loan 28 | 159,138 | 159,138 |
| Sub-loan 29 | 159,138 | 159,138 |
| Sub-loan 30 | 2,419,829 | 2,419,829 |
| Sub-loan 31 | 151,983 | 151,983 |
| Sub-loan 32 | 478,765 | 478,765 |
| Sub-loan 33 | 157,024 | 157,024 |
| Participating Financial Institution 1 | — | 2,000,000 |
| Sub-loan 34 | — | 2,000,000 |
| Total sub-loans | 22,980,559 | 41,108,195 |
| Category 2: | | |
| Front end Fee (Note 3) | — | 375,000 |
| Total Project Expenditures | 22,980,559 | 41,483,195 |

Statement of Designated Account
for the year ended 31 December 2019
(in US dollars)

Account name Ukreximbank World Bank account

Related loan 8727-UA

Currency US dollars

| | | |
|--|--------------|--------------|
| Balance as at 1 January 2019 – principal | | 13,159,111 |
| Balance as at 1 January 2019 – interest | | – |
| Add: | | |
| Advance payment | 24,753,306 | |
| IBRD replenishments | – | |
| Total interest earnings | – | |
| | | 37,912,417 |
| Deduct: | | |
| Sub-loans disbursed | (22,980,559) | |
| Total interest accumulated | – | |
| Bank commissions | – | |
| | | (22,980,559) |
| Balance as at 31 December 2019 – principal | | 14,931,858 |
| Balance as at 31 December 2019 – interest | | – |

Summary of Statement of Expenditures
for the year ended 31 December 2019
(in US dollars)

| Application No. | Date of application | Category 1 | Category 2 | Designated Account | Description |
|---|---------------------|------------|------------|--------------------|--|
| ALTF-EXIM05 | 30-Jan-2019 | 10,275,161 | – | 10,275,161 | Advance to and documentation of Designated Account |
| ALTF-EXIM06 | 04-Jun-2019 | 9,318,661 | – | 9,318,661 | Advance to and documentation of Designated Account |
| ALTF-EXIM07 | 24-Jun-2019 | 1,336,126 | – | 1,336,126 | Advance to and documentation of Designated Account |
| ALTF-EXIM08 | 27-Sep-2019 | 2,174,133 | – | 2,174,133 | Advance to and documentation of Designated Account |
| ALTF-EXIM09 | 19-Dec-2019 | 1,649,225 | – | 1,649,225 | Advance to and documentation of Designated Account |
| Total for the year ended 31 December 2019 | | 24,753,306 | – | 24,753,306 | |

The accompanying notes are an integral part of these summary special-purpose project financial statements

1. General Information

The Access to Long Term Finance Project (further referred as the "ALTF" or the "Project") is administered by the State Export-Import Bank of Ukraine (the "Borrower", "Ukreximbank" or the "Bank") under a Loan Agreement with the International Bank for Reconstruction and Development (the "IBRD"). The amount of the Loan Agreement #8727-UA dated 26 June 2017 (the "Loan Agreement") is USD 150,000,000. The Loan Agreement became effective on 12 June 2018 (the Loan Agreement effectiveness).

The objective of the Project is to improve access to long term finance for export oriented small and medium enterprises.

2. Accounting Policies

Basis of preparation

The ALTF summary special-purpose project financial statements have been prepared in accordance with the "Guidelines: Annual Financial Reporting and Auditing for World Bank-Financed Activities" issued by the World Bank and dated 30 June 2003.

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

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

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

- Summary of Funds received for the year ended 31 December 2019 and for the period from the Loan Agreement effectiveness to 31 December 2019;
- Summary of Expenditures for the year ended 31 December 2019 and for the period from the Loan Agreement effectiveness to 31 December 2019;
- Statement of Designated Account for the year ended 31 December 2019;
- Summary of Statement of Expenditures for the year ended 31 December 2019.

In addition, with respect to Statement of Expenditures ("SOEs") for the year ended 31 December 2019 and for the period from the Loan Agreement effectiveness to 31 December 2019, adequate supporting documentation has been maintained to support claims to the IBRD for replenishments of expenditures incurred. Expenditures claimed for replenishment under the SOE procedure were eligible for financing under the Loan Agreement #8727-UA. Summary special-purpose financial statements were prepared for the year ended 31 December 2019 and for the period from the Loan Agreement effectiveness to 31 December 2019.

These summary special-purpose project financial statements were prepared by the Bank in order to comply with the World Bank Policy on Access to Information dated 1 July 2010, General Conditions for Loans dated 12 March 2012 and the Loan Agreement. According to the abovementioned documents, these summary special-purpose project financial statements shall be made publicly available in a timely fashion and in a manner acceptable to the IBRD and which complies with prevailing Ukrainian banking laws and regulations. Therefore, these summary special-purpose project financial statements do not contain information which is not allowed to be disclosed according to the Ukrainian banking law and regulations.

Reporting currency

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

3. IBRD Financing

International Bank for Reconstruction and Development financing is provided through Loan Agreement #8727-UA dated 26 June 2017 between the IBRD, as the Lender, and Ukreximbank, as the Borrower. The obligations of the Borrower according to the Loan Agreement are guaranteed by the Ukrainian Government.

The Borrower paid to the IBRD a front end fee in the amount equal to 0.25% of the amount of the loan. On the date of the Loan Agreement becoming effective the IBRD, on behalf of the Borrower, withdrew from the loan account and paid to itself the front end fee of USD 375,000 not using Designated Account.

According to the Loan Agreement, the interest rate is calculated as the Reference Rate for the Loan Currency plus the Variable Spread. The interest is paid on 15 March and 15 September each year. The principal is to be paid by installments semi-annually on 15 March and 15 September beginning on 15 March 2022 through 15 March 2052. The closing date of the ALTF is 31 March 2022. The closing date is the date specified in the Loan Agreement, after which the IBRD may, by notice to the Borrower, terminate the right to make withdrawals.

The Project consists of the following:

Part A. Credit facility to provide financing to export oriented SMEs:

- (i) Ukreximbank on-lending through Participating Financial Institutions (the "PFI").

The establishment and operation of a credit facility within Ukreximbank for the provision of financing (through Subsidiary Financing Agreements) to selected PFIs to provide financing (through Sub-financing) to private export oriented SMEs to finance the cost of carrying out Sub-projects.

- (ii) Ukreximbank direct lending as PFI.

The establishment and operation of a credit facility within Ukreximbank for the provision of Sub-loans to private export oriented SMEs to finance the cost of carrying out Sub-projects.

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

| Category | Description of Category | Part of the Project |
|-------------------|-------------------------|---------------------|
| (1) Sub-Loans | | Part A |
| (2) Front end Fee | | – |

Details of the IBRD financing as at 31 December 2019 are as below:

| | Total line of credit | Amounts disbursed | Amounts undisbursed |
|-------------------------------|----------------------|-------------------|---------------------|
| Sub-Loans | 149,625,000 | 41,108,195 | 108,516,805 |
| Front end Fee | 375,000 | 375,000 | – |
| Balance of Designated Account | – | 14,931,858 | (14,931,858) |
| Total | 150,000,000 | 56,415,053 | 93,584,947 |

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

The supporting schedule to the reconciliation of amounts shown as received from the IBRD to actual expenditures of the ALTF as at 31 December 2019 is as follows:

| | Category 1 | Category 2 | Designated Account | Total |
|--------------------------------------|------------|------------|--------------------|------------|
| Accounted according to the IBRD data | 41,040,053 | 375,000 | 15,000,000 | 56,415,053 |
| According to the Bank data | 41,108,195 | 375,000 | 14,931,858 | 56,415,053 |
| Difference* | 68,142 | – | (68,142) | – |

* The proceeds of the loan were used by Ukreximbank for financing under Category 1. The statement of expenditures for USD 68,142 was sent to IBRD on 4 May 2020. The IBRD transferred the proceeds of the Loan to the Designated Account in 2020.

Joint Stock Company “The State Export-Import Bank of Ukraine”
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Summary Special-Purpose Project Financial Statements

Notes to the Summary Special-Purpose Project Financial Statements
(in US dollars unless otherwise indicated)

5. Supplemental Information on Sub-projects

Information regarding sub-projects agreed for financing for the period from the Loan Agreement Effectiveness to 31 December 2019:

| Sub-project | Description of sub-project | Amount of sub-project | Disbursed sub-project amount | Activity | Correspondence with acceptance criteria | Methodology of purchase within sub-project | Ecological category | Participating Bank |
|----------------|---|-----------------------|------------------------------|---------------------------------------|---|--|---------------------|---------------------------------------|
| Sub-project 1 | Working capital (purchase of raw materials) | 2,000,000 | 2,000,000 | Production of equipment | Yes | Commercial practice | C | Participating Financial Institution 1 |
| Sub-project 2 | Working capital (purchase of raw materials) | 7,995,019 | 7,995,019 | Plastic packaging manufacturing | Yes | Commercial practice | C | JSC “Ukreximbank” |
| Sub-project 3 | Working capital (purchase of raw materials) | 6,980,569 | 6,980,569 | Food industry | Yes | Commercial practice | C | JSC “Ukreximbank” |
| Sub-project 4 | Investment (purchase of equipment) | 1,095,264 | 1,095,264 | Printing industry | Yes | Commercial practice | C | JSC “Ukreximbank” |
| Sub-project 5 | Investment (purchase of equipment) | 403,664 | 403,664 | Food industry | Yes | Commercial practice | C | JSC “Ukreximbank” |
| Sub-project 6 | Investment (purchase of equipment) | 603,641 | 603,641 | Production of refrigerating equipment | Yes | Commercial practice | C | JSC “Ukreximbank” |
| Sub-project 7 | Investment (purchase of equipment) | 54,966 | 54,966 | Wood processing | Yes | Commercial practice | C | JSC “Ukreximbank” |
| Sub-project 8 | Working capital (purchase of raw materials) | 307,563 | 307,563 | Production of metal goods | Yes | Commercial practice | C | JSC “Ukreximbank” |
| Sub-project 9 | Investment (purchase of equipment) | 85,016 | 85,016 | Agriculture | Yes | Commercial practice | C | JSC “Ukreximbank” |
| Sub-project 10 | Investment (purchase of equipment) | 218,221 | 218,221 | Agriculture | Yes | Commercial practice | C | JSC “Ukreximbank” |
| Sub-project 11 | Working capital (purchase of raw materials) & Investment (purchase of equipment) | 829,560 | 829,560 | Agriculture | Yes | Commercial practice | C | JSC “Ukreximbank” |
| Sub-project 12 | Working capital (purchase of raw materials) | 96,410 | 96,410 | Food industry | Yes | Commercial practice | C | JSC “Ukreximbank” |
| Sub-project 13 | Working capital (purchase of raw materials) | 320,000 | 320,000 | Wood processing | Yes | Commercial practice | C | JSC “Ukreximbank” |
| Sub-project 14 | Working capital (purchase of raw materials) | 7,113,998 | 7,113,998 | Agriculture | Yes | Commercial practice | C | JSC “Ukreximbank” |
| Sub-project 15 | Working capital (purchase of raw materials) & Investment (purchase of equipment) | 388,103 | 388,103 | Agriculture | Yes | Commercial practice | C | JSC “Ukreximbank” |
| Sub-project 16 | Working capital (purchase of raw materials) | 35,763 | 35,763 | Agriculture | Yes | Commercial practice | C | JSC “Ukreximbank” |
| Sub-project 17 | Working capital (purchase of raw materials) & Investment (purchase of equipment) | 3,037,233 | 3,037,233 | Transport services | Yes | Commercial practice | C | JSC “Ukreximbank” |
| Sub-project 18 | Investment | 323,738 | 323,738 | Agriculture | Yes | Commercial practice | C | JSC “Ukreximbank” |

Joint Stock Company "The State Export-Import Bank of Ukraine"
Access to Long Term Finance Project
Summary Special-Purpose Project Financial Statements

Notes to the Summary Special-Purpose Project Financial Statements
(in US dollars unless otherwise indicated)

| Sub-project | Description of sub-project | Amount of sub-project | Disbursed sub-project amount | Activity | Correspondence with acceptance criteria | Methodology of purchase within sub-project | Ecological category | Participating Bank |
|--|--|-----------------------|------------------------------|---|---|--|---------------------|--------------------|
| | (purchase of equipment) | | | | | | | |
| Sub-project 19 | Investment | | | Mining of minerals | Yes | Commercial practice | C | JSC "Ukreximbank" |
| | (purchase of equipment) | 259,297 | 259,297 | | | | | |
| Sub-project 20 | Working capital (purchase of raw materials) & Investment (purchase of equipment) | | | Agriculture | Yes | Commercial practice | C | JSC "Ukreximbank" |
| | (purchase of equipment) | 915,696 | 915,696 | | | | | |
| Sub-project 21 | Investment | | | Production of dental equipment | Yes | Commercial practice | C | JSC "Ukreximbank" |
| | (purchase of equipment) | 441,216 | 441,216 | | | | | |
| Sub-project 22 | Working capital | | | Wholesale trading of furniture, carpets, lighting devices | Yes | Commercial practice | C | JSC "Ukreximbank" |
| | (purchase of raw materials) | 192,106 | 192,106 | | | | | |
| Sub-project 23 | Working capital | | | Production of aluminium | Yes | Commercial practice | C | JSC "Ukreximbank" |
| | (purchase of raw materials) | 1,309,603 | 1,309,603 | | | | | |
| Sub-project 24 | Working capital | | | Agriculture | Yes | Commercial practice | C | JSC "Ukreximbank" |
| | (purchase of raw materials) | 65,375 | 65,375 | | | | | |
| Sub-project 25 | Investment | | | Mining of minerals | Yes | Commercial practice | C | JSC "Ukreximbank" |
| | (purchase of equipment) | 246,916 | 246,916 | | | | | |
| Sub-project 26 | Working capital | | | Agriculture | Yes | Commercial practice | C | JSC "Ukreximbank" |
| | (purchase of raw materials) | 91,336 | 91,336 | | | | | |
| Sub-project 27 | Working capital | | | Food industry | Yes | Commercial practice | C | JSC "Ukreximbank" |
| | (purchase of raw materials) | 995,178 | 995,178 | | | | | |
| Sub-project 28 | Working capital | | | Carpet production | Yes | Commercial practice | C | JSC "Ukreximbank" |
| | (purchase of raw materials) | 1,176,866 | 1,176,866 | | | | | |
| Sub-project 29 | Investment | | | Agriculture | Yes | Commercial practice | C | JSC "Ukreximbank" |
| | (purchase of equipment) | 159,138 | 159,138 | | | | | |
| Sub-project 30 | Investment | | | Agriculture | Yes | Commercial practice | C | JSC "Ukreximbank" |
| | (purchase of equipment) | 159,138 | 159,138 | | | | | |
| Sub-project 31 | Working capital | | | Agriculture | Yes | Commercial practice | C | JSC "Ukreximbank" |
| | (purchase of raw materials) | 4,536,283 | 2,419,830 | | | | | |
| Sub-project 32 | Working capital | | | Production of personal protective clothing | Yes | Commercial practice | C | JSC "Ukreximbank" |
| | (purchase of raw materials) | 151,983 | 151,983 | | | | | |
| Sub-project 33 | Investment | | | Metallurgical industry | Yes | Commercial practice | C | JSC "Ukreximbank" |
| | (purchase of equipment) | 478,765 | 478,765 | | | | | |
| Sub-project 34 | Investment | | | Production of electric machines | Yes | Commercial practice | C | JSC "Ukreximbank" |
| | (purchase of equipment) | 157,024 | 157,024 | | | | | |
| Total for the period from the Loan Agreement effectiveness to 31 December 2019 | | 43,224,649 | 41,108,195 | | | | | |