

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 2018 and for the period from the Loan Agreement effectiveness
to 31 December 2018*

Together with Independent Auditors’ Report

Contents

Independent Auditors' Report

Summary Special-Purpose Project Financial Statements

Summary of Funds received	1
Summary of Expenditures	2
Statement of Designated Account	3
Summary of Statement of Expenditures (SOEs)	4
Notes to the Summary Special-Purpose Project Financial Statements	5
Supplemental Information on Sub-projects	7

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

To the Board of Directors 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, and the summary of statement of expenditures (SOEs) for the period from the Loan Agreement effectiveness to 31 December 2018, and related notes (the "summary special-purpose project financial statements"), are derived from the audited special-purpose project financial statements of ALTFP for the period from the Loan Agreement effectiveness to 31 December 2018.

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 28 May 2019. 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 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 28 May 2019 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

28 May 2019

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

Summary of Funds Received

For the period from the Loan Agreement effectiveness to 31 December 2018

(in US dollars)

For the period from the Loan
Agreement effectiveness to
31 December 2018

FINANCING RECEIVED:

IBRD financing:

Designated Account payments

31,286,747

Front end fee (Note 3)

375,000

Total IBRD financing

31,661,747

Signed and authorized for release on behalf of the Board

Chairman of the Board



Oleksandr Hrytsenko

Summary of Expenditures
for the period from the Loan Agreement effectiveness to 31 December 2018
(in US dollars)

	For the period from the Loan Agreement effectiveness to 31 December 2018
Category 1:	
Sub-loans to:	
JSC “Ukreximbank”	16,127,636
Sub-loan 1	5,893,690
Sub-loan 2	6,980,569
Sub-loan 3	1,095,264
Sub-loan 4	403,664
Sub-loan 5	103,959
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	55,164
Sub-loan 12	100,000
Participating Financial Institution 1	2,000,000
Sub-loan 13	2,000,000
Total sub-loans	18,127,636
Category 2:	
Front end Fee (Note 3)	375,000
Total Project Expenditures	18,502,636

Statement of Designated Account
for the period from the Loan Agreement effectiveness to 31 December 2018
(in US dollars)

Account name	Ukreximbank World Bank account	
Related loan	8727-UA	
Currency	US dollars	
Balance as at 12 June 2018 – principal		<u>–</u>
Balance as at 12 June 2018 – interest		<u>–</u>
Add:		
Advance payment	31,286,747	
IBRD replenishments	–	
Total interest earnings	–	
		<u>31,286,747</u>
Deduct:		
Sub-loans disbursed	(18,127,636)	
Total interest accumulated	–	
Bank commissions	–	
		<u>(18,127,636)</u>
Balance as at 31 December 2018 – principal		<u>13,159,111</u>
Balance as at 31 December 2018 – interest		<u>–</u>

Summary of Statement of Expenditures
for the period from the Loan Agreement effectiveness to 31 December 2018
(in US dollars)

Application No.	Date of application	Category 1	Category 2	Designated Account	Description
	12-Jun-2018	-	375,000	-	Front end Fee
ALTF-EXIM01	20-Jun-2018	-	-	15,000,000	Advance to Designated Account
ALTF-EXIM02	25-Sep-2018	2,000,000	-	2,000,000	Advance to and documentation of Designated Account
ALTF-EXIM03	23-Oct-2018	12,034,722	-	12,034,722	Advance to and documentation of Designated Account
ALTF-EXIM04	04-Dec-2018	2,252,025	-	2,252,025	Advance to and documentation of Designated Account
Total for the period from the Loan Agreement effectiveness to 31 December 2018		16,286,747	375,000	31,286,747	

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 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 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 period from the Loan Agreement effectiveness to 31 December 2018;
- Summary of Expenditures for the period from the Loan Agreement effectiveness to 31 December 2018;
- Statement of Designated Account for the period from the Loan Agreement effectiveness to 31 December 2018;
- Summary of Statement of Expenditures for the period from the Loan Agreement effectiveness to 31 December 2018.

In addition, with respect to Statement of Expenditures ("SOEs") for the period from the Loan Agreement effectiveness to 31 December 2018, 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. Special-purpose financial statements were prepared for the period from the Loan Agreement effectiveness to 31 December 2018.

These summary special-purpose 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 31 July 2010 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 laws 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 2018 are as below:

	Total line of credit	Amounts disbursed	Amounts undisbursed
Sub-Loans	149,625,000	18,127,636	131,497,364
Front end Fee	375,000	375,000	—
Balance of Designated Account	—	13,159,111	(13,159,111)
Total	150,000,000	31,661,747	118,338,253

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 2018 is as follows:

	Category 1	Category 2	Designated Account	Total
Accounted according to the IBRD data	16,286,747	375,000	15,000,000	31,661,747
According to the Bank data	18,127,636	375,000	13,159,111	31,661,747
Difference*	1,840,889	—	(1,840,889)	—

* The proceeds of the loan were used by Ukreximbank for financing under Category 1. The statement of expenditures for USD 1,840,899 was sent to IBRD on 30 January 2019. The IBRD transferred the proceeds of the Loan to the Designated Account in 2019.

5. Supplemental Information on Sub-projects

Information regarding sub-projects agreed for financing for the period from the Loan Agreement Effectiveness to 31 December 2018:

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
Sub-project 2	Working capital (purchase of raw materials)	6,846,345	5,893,690	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)	621,814	103,959	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)	134,745	55,164	Food industry	Yes	Commercial practice	C	JSC "Ukreximbank"
Sub-project 13	Working capital (purchase of raw materials)	320,000	100,000	Wood processing	Yes	Commercial practice	C	JSC "Ukreximbank"
Total for the period from the Loan Agreement effectiveness to 31 December 2018		19,897,727	18,127,636					