

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

30 June 2011

Together with the Report on Review of Interim Condensed Consolidated Financial Statements

CONTENTS

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Interim condensed consolidated statement of financial position	1
Interim condensed consolidated income statement	2
Interim condensed consolidated statement of comprehensive income	3
Interim condensed consolidated statement of changes in equity	4
Interim condensed consolidated statement of cash flows	5

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Principal activities	6
2. Basis of preparation and accounting policies	6
3. Segment information	9
4. Cash and cash equivalents	12
5. Amounts due from credit institutions	12
6. Loans to customers	13
7. Investment securities	14
8. Investment property	14
9. Amounts due to credit institutions	15
10. Amounts due to customers	15
11. Eurobonds issued	16
12. Equity	16
13. Financial commitments and contingencies	16
14. Fair values of financial instruments	17
15. Related party transactions	17
16. Capital adequacy	20

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Joint Stock Company "The State Export-Import Bank of Ukraine" and its subsidiaries (the "Bank") as at 30 June 2011, comprising the interim condensed consolidated statement of financial position as at 30 June 2011 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young Audit Services LLC

30 August 2011

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

(Thousands of Ukrainian hryvnia)

	Notes	30 June 2011 (unaudited)	31 December 2010
Assets			
Cash and cash equivalents	4	15,189,002	10,892,912
Amounts due from credit institutions	5	3,562,265	1,129,357
Loans to customers	6	42,850,589	43,681,189
Investment securities:			
- designated at fair value through profit and loss		84,420	107,796
- available-for-sale	7	9,481,096	8,861,028
- held-to-maturity	7	1,613,027	1,641,477
Investment securities pledged under repurchase agreements		-	94,640
Current income tax asset		563,541	570,144
Investment property	8	3,018,178	2,380,711
Property and equipment		2,174,018	2,204,565
Intangible assets		13,334	13,559
Deferred income tax assets		121,432	11,771
Other assets		311,829	265,359
Total assets		78,982,731	71,854,508
Liabilities			
Amounts due to the National Bank of Ukraine		4,121,257	4,156,617
Amounts due to credit institutions	9	6,324,325	7,379,450
Amounts due to customers	10	33,244,083	27,810,735
Other debt securities issued		422,188	404,340
Eurobonds issued	11	14,281,269	11,789,395
Current income tax liabilities		11,472	7,339
Subordinated debt		3,090,609	3,098,955
Provisions		1,668	181
Other liabilities		209,049	136,337
Total liabilities		61,705,920	54,783,349
Equity			
Share capital	12	17,126,718	17,106,742
Revaluation reserve		1,032,693	872,834
Accumulated deficit		(882,600)	(908,417)
Total equity		17,276,811	17,071,159
Total liabilities and equity		78,982,731	71,854,508

Signed and authorised for release on behalf of the Management Board of the Bank

Mykola Udovychenko



Chairman of the Board

Natalia Potemska



Chief Accountant

30 August 2011

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the six-month period ended 30 June 2011

(Thousands of Ukrainian hryvnia)

		For the six-month period ended 30 June	
		2011	2010 (restated)
	Notes	unaudited	
Interest income			
Loans to customers		2,899,039	3,036,062
Investment securities other than designated at fair value through profit or loss		541,358	283,974
Amounts due from credit institutions		73,730	49,524
Amounts due from the National Bank of Ukraine		21,754	6,066
		3,535,881	3,375,626
Investment securities designated at fair value through profit and loss		15,531	29,049
		3,551,412	3,404,675
Interest expense			
Amounts due to customers		(957,093)	(962,829)
Eurobonds issued		(570,212)	(268,185)
Amounts due to the National Bank of Ukraine		(261,022)	(398,159)
Amounts due to credit institutions		(193,426)	(190,596)
Subordinated debt		(162,303)	(172,838)
Other debt securities issued		(17,848)	(22,175)
		(2,161,904)	(2,014,782)
Net interest income		1,389,508	1,389,893
Loan impairment charge	5, 6	(1,210,667)	(1,295,793)
Net interest income after loan impairment charge		178,841	94,100
Fee and commission income		230,137	206,468
Fee and commission expense		(55,574)	(43,500)
Fees and commissions, net		174,563	162,968
Net losses from investment securities designated at fair value through profit and loss:			
- change in fair value		(38,907)	(4,810)
Net gains/(losses) from available-for-sale investment securities:			
- dealing		36,211	12,357
- losses on impairment		(19,020)	(118)
Net gains from foreign currencies and precious metals:			
- dealing		140,507	125,751
- translation differences		37,758	31,489
Gain on initial recognition of financial liabilities		-	18,224
Other income		17,983	6,412
Non-interest income		174,532	189,305
Loss on initial recognition of loans to customers		-	(17,887)
Personnel expenses		(307,798)	(286,475)
Depreciation and amortisation		(33,887)	(36,387)
Release of impairment of other assets and provisions		19,993	57,392
Other operating expenses		(113,572)	(126,926)
Non interest expense		(435,264)	(410,283)
Profit before income tax expense		92,672	36,090
Income tax expense		(38,572)	(9,658)
Profit for the period		54,100	26,432

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2011

(Thousands of Ukrainian hryvnia)

	<i>For the six-month period ended 30 June</i>	
	<i>2011</i>	<i>2010 (restated)</i>
<i>Notes</i>	<i>unaudited</i>	
Profit for the period	54,100	26,432
Other comprehensive income:		
Net gains on investment securities available-for-sale	77,736	15,626
Net gains on investment securities available-for-sale reclassified to the income statement	(36,211)	(12,357)
Revaluation of property	-	179,128
Reversal of deferred income tax relating to tangible fixed asset revaluations consequent upon enactment of new Tax Code	134,677	-
Income tax relating to components of other comprehensive income	(9,258)	(45,599)
Other comprehensive income for the period, net of tax	166,944	136,798
Total comprehensive income for the period	221,044	163,230

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2011

(Thousands of Ukrainian hryvnia)

	Share capital	Revaluation reserves	Accumulated deficit	Total
1 January 2010	10,716,745	644,388	(1,036,806)	10,324,327
Profit for the period (restated)	-	-	26,432	26,432
Other comprehensive income for the period	-	136,798	-	136,798
Total comprehensive income for the period (restated)	-	136,798	26,432	163,230
Depreciation of revaluation reserve, net of tax	-	(5,194)	5,194	-
Distribution of profit to the shareholder	-	-	(9,137)	(9,137)
Increase in share capital	6,389,997	-	-	6,389,997
30 June 2010 (unaudited) (restated)	17,106,742	775,992	(1,014,317)	16,868,417
1 January 2011	17,106,742	872,834	(908,417)	17,071,159
Profit for the period	-	-	54,100	54,100
Other comprehensive income for the period	-	166,944	-	166,944
Total comprehensive income for the period	-	166,944	54,100	221,044
Depreciation of revaluation reserve, net of tax	-	(7,085)	7,085	-
Distribution of profit to the shareholder (Note 12)	-	-	(15,392)	(15,392)
Increase in share capital (Note 12)	19,976	-	(19,976)	-
30 June 2011 (unaudited)	17,126,718	1,032,693	(882,600)	17,276,811

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2011

(Thousands of Ukrainian hryvnia)

	<i>For the six-month period ended 30 June</i>	
	<i>2011</i>	<i>2010</i>
	<i>(unaudited)</i>	
Cash flows from operating activities		
Interest and commissions received	3,078,317	3,092,958
Interest and commissions paid	(1,978,403)	(1,967,046)
Gains less losses from dealing in foreign currencies and precious metals	140,507	125,751
Salaries and benefits	(291,255)	(289,966)
Other operating income received	17,071	5,825
Other operating and administrative expenses paid	(111,271)	(115,786)
Cash flow from operating activities before changes in operating assets and liabilities	854,966	851,736
<i>Net (increase)/ decrease in operating assets:</i>		
Amount due from credit institutions	(2,397,971)	779,802
Deposit with the National Bank of Ukraine	(1,998)	-
Loans to customers	(139,898)	(969,850)
Other assets	(109,541)	(51,045)
<i>Net increase/ (decrease) in operating liabilities:</i>		
Amounts due to credit institutions	(536,355)	(135,286)
Amounts due to the National Bank of Ukraine	(93,393)	(1,426,060)
Amounts due to customers	4,829,497	3,072,347
Other liabilities	97,667	49,378
Net cash flows from operating activities before income tax	2,502,974	2,171,022
Income tax paid	(12,078)	(7,983)
Net cash flows from operating activities	2,490,896	2,163,039
Cash flows from investing activities		
Proceeds from sale and redemption of investment securities	9,184,824	3,549,106
Purchase of investment securities	(9,327,718)	(1,382,041)
Purchases of property, equipment and intangible assets	(14,339)	(41,898)
Proceeds from sale of property and equipment	151	161
Net cash flows (used in) / from investing activities	(157,082)	2,125,328
Cash flows from financing activities		
Distribution of profit to the shareholder	(15,392)	(9,137)
Redemption of bonds issued	-	(500,000)
Eurobonds issued	2,362,704	3,939,069
Proceeds from borrowings from credit institutions	371,334	331,055
Borrowings from credit institutions	(1,085,528)	(1,757,763)
Net cash flows from financing activities	1,633,118	2,003,224
Effect of exchange rate changes on cash and cash equivalents	329,158	(275,746)
Net change in cash and cash equivalents	4,296,090	6,015,845
Cash and cash equivalents, 1 January (Note 4)	10,892,912	4,851,691
Cash and cash equivalents, 30 June (Note 4)	15,189,002	10,867,536

1. Principal activities

The State Export-Import Bank of Ukraine (“EximBank”) was founded in 1992. It was registered at the National Bank of Ukraine (the “NBU”) on 23 January 1992 and on 18 September 2000 was re-registered as a joint stock company. Currently EximBank operates under a general banking licence #2 renewed by the NBU on 27 May 2009, which provides EximBank with the right to conduct banking operations, including currency operations.

As at 30 June 2011 and 31 December 2010, 100% of EximBank’s shares were owned by the Cabinet Ministers of Ukraine on behalf of the State of Ukraine.

Historically, the main focus of EximBank’s operations was servicing various export-import transactions. Currently, EximBank’s customer base is diversified and includes some large industrial and State owned enterprises. EximBank accepts deposits from the public and makes loans, transfers payments in Ukraine and abroad, exchanges currencies, invests funds and provides cash and settlements, and other banking services to its customers.

In addition to its main banking activities, one of the activities of EximBank is to facilitate, on behalf of the Ukrainian Government, the administration of loan agreements entered into between the Ukrainian Government and other foreign governments. EximBank acts as an agent on behalf of the Ukrainian Government with respect to loans from foreign financial institutions based on the aforementioned agreements. The loan proceeds are advanced to various enterprises within Ukraine on the basis of separate loan agreements between EximBank and Ukrainian enterprises.

A letter from the Cabinet of Ministers dated 4 August 1995, which was subsequently formalised in an Agency Agreement dated 19 September 1996, confirms that the responsibility of EximBank is to act as an agent of the Ukrainian Government for the above described activities and thereby the loan obligations and related risks belong to the Government.

These interim condensed consolidated financial statements comprise EximBank, its subsidiaries (together referred to as the “Bank”). A list of consolidated subsidiaries is as follows:

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

“Eximleasing” Ltd, a 100% owned subsidiary was founded in 2006.

2. Basis of preparation and accounting policies

Basis of preparation

These interim condensed consolidated financial statements for the six-month period ended 30 June 2011 have been prepared in accordance with IAS 34 “Interim Financial Reporting”.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with Bank’s annual consolidated financial statements for the year ended 31 December 2010.

These interim condensed consolidated financial statements are presented in thousands of Ukrainian hryvnia (“UAH”) unless otherwise indicated.

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, but are not limited to, low levels of liquidity in the capital markets, high inflation and the existence of currency controls that cause the national currency to be illiquid outside of Ukraine. The stability of the Ukrainian economy will be significantly impacted by the Government’s policies and actions with regard to administrative, legal, and economic reforms. As a result, operations in Ukraine involve risks that are not typical for developed markets.

The Ukrainian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. The global financial crisis has resulted in a decline in the gross domestic product, instability in the capital markets, a significant deterioration in the liquidity of the banking sector, and tighter credit conditions within Ukraine. Whilst the Ukrainian Government continues to introduce various stabilisation measures aimed at supporting the banking sector and providing liquidity to Ukrainian banks and companies, there continues to be uncertainty regarding access to capital and its cost for the Bank and its counterparties, which could affect the Bank's financial position, results of operations and business prospects.

In addition, factors including increased unemployment in Ukraine, reduced corporate liquidity and profitability, and increased corporate and personal insolvencies, have affected the ability of the Bank's borrowers to repay the amounts due to the Bank. In addition, changes in economic conditions have resulted in deterioration in the value of collateral held against loans and other obligations. To the extent that information is available, the Bank has reflected revised estimates of expected future cash flows in its impairment assessment.

Whilst the Management believes it is acting appropriately to support the sustainability of the Bank business in the current circumstances, any unexpected further deterioration in the areas described above could negatively affect the Bank's results and financial position in a manner not currently determinable.

Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2010, except for the adoption of new Standards and Interpretations as at 1 January 2011, noted below:

Amendments to IAS 32 “Financial instruments: Presentation”: Classification of Rights Issues”

In October 2009, the IASB issued amendment to IAS 32. Entities shall apply that amendment for annual periods beginning on or after 1 February 2010. The amendment alters the definition of a financial liability in IAS 32 to classify rights issues and certain options or warrants as equity instruments. This is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, in order to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment had no impact on the Bank's consolidated financial statements.

IAS 24 “Related party disclosures” (Revised)

The revised IAS 24, issued in November 2009, simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. Previously, an entity controlled or significantly influenced by a government was required to disclose information about all transactions with other entities controlled or significantly influenced by the same government. The revised standard requires disclosure about these transactions only if they are individually or collectively significant. The revised IAS 24 is effective for annual periods beginning on or after 1 January 2011. The Bank applied the exemption from the disclosure requirement with respect to transactions, balances and contingencies under related-party transactions with entities also being under control of the Government. The disclosure of transactions with related parties prepared in accordance the new version of IAS 24 is presented in Note 15.

IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”

IFRIC Interpretation 19 was issued in November 2009 and is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies the accounting when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. IFRIC 19 did not have any material impact on the Bank's interim condensed consolidated financial statements.

Improvements to IFRSs

In May 2010 the IASB issued the third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. Most of the amendments are effective for annual periods beginning on or after 1 January 2011. There are separate transitional provisions for each standard. Amendments included in May 2010 “Improvements to IFRS” had impact on the accounting policies, financial position or performance of the Bank, as described below.

- *IFRS 3 Business combinations*: was amended (i) to require measurement at fair value (unless another measurement basis is required by other IFRS standards) of non-controlling interests that are not a present ownership interest or do not entitle the holder to a proportionate share of net assets in the event of liquidation, (ii) to provide guidance on acquiree's share-based payment arrangements that were not replaced or were voluntarily replaced as a result of a business combination and (iii) to clarify that the contingent consideration from business

combinations that occurred before the effective date of the revised IFRS 3 (issued in January 2008) is to be accounted for in accordance with the guidance in the previous version of IFRS 3. The amendments to IFRS 3 have no impact on interim condensed consolidated financial statements of the Bank’s

- *IFRS 7 Financial instruments: Disclosures*; introduces the amendments to quantitative and credit risk disclosures. The additional requirements will be introduced in the annual financial statements.
- *IAS 34 Interim Financial Reporting*; adds disclosure requirements about the circumstances affecting fair values and classification of financial instruments, about transfers of financial instruments between levels of the fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets. Disclosure on transfers of financial instruments between levels of the fair value hierarchy is presented in the Note 14, disclosure on contingent liabilities is presented in the Note 13.
- Amendments to IFRS 1, IAS 1, IAS 27 and IFRIC 13 have no impact on the accounting policies, financial position or performance of the Bank.

Restatement of corresponding figures

In the course of preparation of the financial statements for the year ended 31 December 2010, the Bank identified the following:

- A. In accordance with the requirements of IAS 39 “Financial Instruments: Recognition and Measurement” (“IAS 39”), interest income on impaired loans should be recognised using the rate of interest used to discount future cash flows for the purpose of measuring the impairment loss. During 2010, the Bank improved its system of discounting future cash flows of interest bearing assets. There was no effect on the net amount of loans to customers or on net income as the resulting reduction in interest income was compensated by an equivalent reduction in the allowance for loan impairment.
- B. In accordance with the Bank’s accounting policy if the loan restructuring is not caused by the financial difficulties of the borrower but the cash flows were renegotiated on the favourable terms for the borrower: in this case the loan is not recognised as impaired. The loan is not derecognised but the new effective interest rate is determined based on the remaining cash flows under the loan agreement till maturity. As at 30 June 2010, amortised cost of certain loans to customers restructured in 2009 was calculated using the original effective interest rate.
- C. In accordance with the requirements of IAS 39, if modification of terms of the existing financial liability is not accounted for as extinguishment, the new effective interest rate should be calculated and used for calculation of amortised cost of the financial liability. As at 30 June 2010, certain financial liabilities with terms modified in 2009, were carried at amortised cost calculated using the original effective interest rate.

The effect of the restatements on the corresponding figures for the six-month period ended 30 June 2010 is as follows:

	<i>As previously reported</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>Total restatement</i>	<i>As restated</i>
Consolidated income statement for the six-month period ended 30 June 2010						
Interest income on loans to customers	3,007,966	(114,587)	142,683	-	28,096	3,036,062
Interest expense on amounts due to the NBU	(278,565)	-	-	(119,594)	(119,594)	(398,159)
Net interest income	1,481,391	(114,587)	142,683	(119,594)	(91,498)	1,389,893
Allowance for loan impairment	(1,395,076)	114,587	(15,304)	-	99,283	(1,295,793)
Net interest income after allowance for impairment	86,315	-	127,379	(119,594)	7,785	94,100
Income tax expense	(7,575)	-	(34,089)	32,006	(2,083)	(9,658)
Profit for the period	20,730	-	93,290	(87,588)	5,702	26,432

3. Segment information

For management purposes, the Bank is organised into three operating segments based on products and services as follows:

Retail banking	Includes products offered on standard terms and conditions (as per the tariffs approved in the standard procedures) that do not require individual approach;
Corporate banking	Includes complex products that require an individual approach and are mainly offered to corporate customers;
Financial institutions and Investments	Includes products for securities transactions or for rendering services to financial and investments market participants (interbank operations, stock market, etc.);
Other/unallocated	Other operations not directly allocated.

Management 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 differently from profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

For the purpose of segment reporting, interest is allocated based on a transfer pool rate determined by Assets and Liabilities Committee based on the Bank's cost of borrowing.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in the six-month periods ended 30 June 2011 and 2010.

The following table presents income and profit, certain assets and liabilities information regarding the Bank's operating segments for the six-month period ended 30 June 2011:

	<i>Retail banking</i>	<i>Corporate banking</i>	<i>Financial institutions and investments</i>	<i>Other/ unallocated</i>	<i>Total</i>
Third party					
Interest income	91,287	2,827,905	632,220	-	3,551,412
Fee and commission income	155,618	69,457	5,062	-	230,137
Gain from dealing in available-for-sale investment securities	9,594	-	26,617	-	36,211
Net gain from foreign currencies and precious metals	76,633	-	67,420	34,212	178,265
Release of allowance for impairment of other assets and provisions on held to maturity investment securities	-	-	22,385	-	22,385
Other income	1,315	14,424	245	1,999	17,983
Inter-segmental result	718,313	(1,938,531)	367,473	852,745	-
Total revenue	1,052,760	973,255	1,121,422	888,956	4,036,393
Interest expenses	(659,207)	(636,819)	(865,878)	-	(2,161,904)
Fee and commission expense	(36,609)	(18,888)	(72)	(5)	(55,574)
Loan impairment charge	(71,958)	(1,138,709)	-	-	(1,210,667)
Loss from change in fair value of investment securities designated at fair value through profit and loss	-	-	(38,907)	-	(38,907)
Loss from investment securities available-for-sale	-	-	(19,020)	-	(19,020)
Personnel expenses	(144,319)	(65,722)	(20,527)	(77,230)	(307,798)
Depreciation and amortisation	(24,870)	(3,975)	(768)	(4,274)	(33,887)
Other operating expense	(81,026)	(10,773)	(5,219)	(16,554)	(113,572)
Charge of impairment of other assets and provisions on other assets	(1,737)	(558)	-	(97)	(2,392)
Segment results	33,034	(902,189)	171,031	790,796	92,672
Income tax expense					(38,572)
Profit for the period					54,100
Assets and liabilities as at 30 June 2011					
Segment assets	4,093,607	45,097,008	28,743,392		77,934,007
Unallocated assets				1,048,724	1,048,724
Total assets					78,982,731
Segment liabilities	19,872,281	20,786,506	20,980,743		61,639,530
Unallocated liabilities				66,390	66,390
Total liabilities					61,705,920
Other segment information					
Capital expenditure	(12,304)	(1,887)	(364)	(2,027)	(16,582)

The following table presents income and profit for the six-month period ended 30 June 2010 (restated) and certain assets and liabilities information regarding the Bank's operating segments as at 31 December 2010:

	<i>Retail banking</i>	<i>Corporate banking</i>	<i>Financial institutions and investments</i>	<i>Other/ unallocated</i>	<i>Total</i>
Third party					
Interest income	115,120	2,922,607	366,948	-	3,404,675
Fee and commission income	132,371	65,484	8,613	-	206,468
Other income	1,104	1,562	397	3,349	6,412
Gain from dealing in available-for-sale investment securities	12,310	-	47	-	12,357
Net gain from foreign currencies and precious metals	67,108	598	58,045	31,489	157,240
Net gain on restructuring of financial liabilities	-	18,224	-	-	18,224
Release of allowance for impairment of other assets and provisions on held to maturity investment securities	-	101,229	-	-	101,229
Inter-segmental result	661,330	(1,932,445)	397,597	873,518	-
Total revenue	989,343	1,177,259	831,647	908,356	3,906,605
Interest expenses	(664,056)	(646,288)	(704,438)	-	(2,014,782)
Fee and commission expense	(26,201)	(15,636)	(1,658)	(5)	(43,500)
Loan impairment charge	(25,705)	(1,270,088)	-	-	(1,295,793)
Loss from change in fair value of investment securities designated at fair value through profit and loss	-	-	(4,810)	-	(4,810)
Loss from investment securities available-for-sale	-	-	(118)	-	(118)
Loss on initial recognition of loans to customers	-	(17,887)	-	-	(17,887)
Personnel expenses	(139,376)	(67,246)	(18,152)	(61,701)	(286,475)
Depreciation and amortisation	(26,204)	(5,031)	(835)	(4,317)	(36,387)
Other operating expense	18,639	(115,161)	(2,571)	(27,833)	(126,926)
Charge of impairment of other assets and provisions on other assets	(805)	-	(40,872)	(2,160)	(43,837)
Segment results	125,635	(960,078)	58,193	812,340	36,090
Income tax expense					(9,658)
Profit for the period					26,432
Assets and liabilities as at 31 December 2010					
Segment assets	4,281,452	45,391,567	21,282,952		70,955,971
Unallocated assets				898,537	898,537
Total assets					71,854,508
Segment liabilities	15,512,184	19,841,502	19,404,278		54,757,964
Unallocated liabilities				25,385	25,385
Total liabilities					54,783,349
Other segment information					
Capital expenditure	(30,270)	(4,539)	(754)	(3,901)	(39,464)

4. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	30 June 2011 (unaudited)	31 December 2010
Cash on hand	636,796	789,258
Current account with the National Bank of Ukraine	918,035	919,447
Current accounts with other credit institutions	7,857,903	4,729,303
Overnights deposits with other credit institutions	3,616,813	4,344,904
Time deposits with credit institutions up to 90 days	358,119	110,000
Deposit certificates of the National Bank of Ukraine up to 90 days	1,801,336	-
Cash and cash equivalents	15,189,002	10,892,912

5. Amounts due from credit institutions

Amounts due from credit institutions consist of the following:

	30 June 2011 (unaudited)	31 December 2010
Loans and deposits		
Ukrainian banks	2,878,976	459,821
CIS and other foreign banks	-	35,955
OECD banks	49,668	49,978
Deposits with the NBU	592,742	590,685
Other amounts due from credit institutions	59,493	10,760
	3,580,879	1,147,199
Less – Allowance for impairment	(18,614)	(17,842)
Due from credit institutions	3,562,265	1,129,357

The Bank meets the NBU obligatory reserve requirements as at 30 June 2011 and 31 December 2010.

The Bank had entered into reverse repurchase agreements with a Ukrainian bank for UAH 2,216,691 thousand (31 December 2010: UAH 21,726 thousand). The subject of these agreements is Ukrainian State bonds with a fair value of UAH 2,217,585 thousand (31 December 2010: UAH 22,283 thousand).

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

	Amounts due from credit institutions
At 1 January 2011	17,842
Charge for the period	510
Translation differences	262
At 30 June 2011 (unaudited)	18,614
At 1 January 2010	18,821
Release for the period	(1,056)
Translation differences	(878)
At 30 June 2010 (unaudited)	16,887

6. Loans to customers

Loans to customers comprise:

	30 June 2011 (unaudited)	31 December 2010
Commercial loans	50,486,940	49,664,629
Promissory notes	870,940	891,426
Overdrafts	147,544	131,716
Finance lease receivables	26,316	304,808
	51,531,740	50,992,579
Less – Allowance for impairment	(8,681,151)	(7,311,390)
Loans to customers	42,850,589	43,681,189

Loans have been extended to the following types of customers:

	30 June 2011 (unaudited)	31 December 2010
Private entities	41,084,851	40,245,846
State and municipal entities	9,404,583	9,637,664
Individuals	1,042,306	1,109,069
Total loans to customers	51,531,740	50,992,579

As at 30 June 2011, loans to customers with a carrying value of UAH 6,512,305 thousand are pledged as collateral against loans received from the NBU (31 December 2010: UAH 6,606,102 thousand).

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

	Commercial loans	Overdrafts	Finance lease receivables	Promissory notes	Total
At 1 January 2011	7,206,377	24,389	24,249	56,375	7,311,390
Charge/ (release) for the period	1,243,624	(2,521)	(20,091)	(10,855)	1,210,157
Recoveries	100,485	-	-	-	100,485
Amounts written off	(876)	-	-	-	(876)
Translation differences	59,969	-	26	-	59,995
At 30 June 2011 (unaudited)	8,609,579	21,868	4,184	45,520	8,681,151

	Commercial loans (restated)	Overdrafts (restated)	Finance lease receivables (restated)	Promissory notes (restated)	Total (restated)
At 1 January 2010	4,616,599	32,625	22,193	15,287	4,686,704
Charge/ (release) for the period	1,329,527	(12,591)	(10,152)	(9,935)	1,296,849
Recoveries	10	-	-	-	10
Amounts written off	(7)	-	(2,588)	-	(2,595)
Translation differences	(105,819)	(3)	(157)	-	(105,979)
At 30 June 2010 (unaudited)	5,840,310	20,031	9,296	5,352	5,874,989

7. Investment securities

Investment securities designated at fair value through profit or loss as at 30 June 2011 and 31 December 2010 were represented by corporate bonds.

Available-for-sale investment securities comprise:

	30 June 2011 (unaudited)	31 December 2010
Corporate shares	6,365	6,355
Corporate bonds	2,788,629	444,680
Ukrainian State bonds	6,686,102	8,409,993
Available-for-sale investment securities	9,481,096	8,861,028

As at 30 June 2011, Ukrainian State bonds with a carrying value of UAH 303,787 thousand are used by the Bank to partially cover its NBU obligatory reserve requirements (31 December 2010: UAH 267,121 thousand).

Held-to-maturity investment securities comprise the following:

	30 June 2011 (unaudited)		31 December 2010	
	Nominal value	Carrying value	Nominal value	Carrying value
Municipal bonds	90,000	91,317	200,000	203,252
Corporate bonds	1,414,943	1,539,980	1,414,943	1,478,880
		1,631,297		1,682,132
Less – Allowance for impairment		(18,270)		(40,655)
Held-to-maturity investments		1,613,027		1,641,477

8. Investment property

The movements of investment property are as follows:

	For the six-month period ended 30 June	
	2011	2010
	(unaudited)	
Investment property as at 1 January	2,380,711	159,554
Additions	626,425	614,993
Transfer from property and equipment	11,042	-
Transfer from assets held for sale	-	1,204,456
Net loss from fair value adjustment	-	(694)
Investment property as at 30 June	3,018,178	1,978,309

During the six months period ended 30 June 2011, the Bank received real estate objects (building and land) as part consideration for a loan repayment. The Bank decided to hold the property for the purpose of long term capital appreciation and rental growth, rather than sell in the short-term and classified the assets as investment property.

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

	30 June 2011 (unaudited)	31 December 2010
Not later than 1 year	19,447	23,528
Later than 1 year and not later than 5 years	35,650	40,653
Late than 5 years	16,758	21,411
Future minimum receivables under non-cancellable operating leases	71,855	85,592

During the six-month period ended 30 June 2011, the Bank has recognised rental income of UAH 12,454 thousand (for the six-month period ended 30 June 2010: UAH 835 thousand) included in other income in the consolidated income statement.

9. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	30 June 2011 (unaudited)	31 December 2010
Current accounts		
Ukrainian banks	436,538	411,957
OECD banks	804	122
CIS and other foreign banks	442	1,131
	437,784	413,210
Loans and deposits		
OECD banks	4,188,453	4,392,961
International financial organisations	1,432,143	1,733,694
Ukrainian banks	263,522	837,336
CIS and other foreign banks	226	270
	5,884,344	6,964,261
Other amounts due to credit institutions	2,197	1,979
Amounts due to credit institutions	6,324,325	7,379,450

For the purpose of cash flow statement presentation, the Bank segregates funds attracted from credit institutions into operating and financing activities. Funds attracted from Ukrainian banks were included in operating activity and from other banks – in financing activity.

10. Amounts due to customers

Amounts due to customers comprise:

	30 June 2011 (unaudited)	31 December 2010
Current accounts		
- Budget funds	3,631,453	3,390,755
- Legal entities	6,879,809	5,906,813
- Individuals	1,487,505	1,212,275
- Due to funds under the Bank's management	15,261	12,357
	12,014,028	10,522,200
Time deposits		
- Budget funds	748,470	763
- Legal entities	8,330,344	6,148,704
- Individuals	12,151,241	11,139,068
	21,230,055	17,288,535
Due to customers	33,244,083	27,810,735
Held as security against letters of credit	255,870	374,985
Held as security against guarantees and avals	325,631	397,160
Held as security against undrawn loan commitments	72,657	70,415
Held as security against loans to customers	538,708	552,902

11. Eurobonds issued

	30 June 2011 (unaudited)		31 December 2010	
	Nominal value	Carrying value	Nominal value	Carrying value
October 2005 issue	1,876,121	1,903,705	1,873,627	1,900,062
September 2006 issue	2,790,305	2,856,911	2,786,595	2,851,739
November 2006 issue	990,279	1,014,509	988,962	1,014,224
April 2010 issue	3,986,150	4,022,048	3,980,850	4,015,579
October 2010 issue	1,993,075	2,011,024	1,990,425	2,007,791
February 2011 issue	2,385,050	2,473,072	-	-
Eurobonds issued		14,281,269		11,789,395

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

12. Equity

As at 30 June 2011, EximBank's authorised issued share capital comprised 11,414,901 (31 December 2010: 11,414,901) ordinary shares, with a nominal value of UAH 1,437.90 per share (31 December 2010: UAH 1,436.15). All shares have equal voting rights. As at 30 June 2011, 11,414,901 issued shares were fully paid and registered (31 December 2010: 11,414,901 shares were fully paid and registered).

In May 2011, according to the Resolution of the Cabinet of Ministers of Ukraine dated 2 February 2011, Eximbank's share capital was increased by UAH 19,976 thousand through capitalisation of part of profit for 2009 determined under Ukrainian accounting rules (hereinafter – UAR).

In June 2011, according to the Law of Ukraine No. 2857-VI, dated 23 December 2010 “On the State budget of Ukraine for 2011”, the Bank distributed profits of UAH 15,392 thousand to the shareholder.

13. Financial commitments and contingencies

Financial commitments and contingencies comprise:

	30 June 2011 (unaudited)	31 December 2010
Letters of credit	672,319	814,815
Guarantees	2,893,075	3,014,104
Avals on promissory notes	190,203	126,623
Undrawn loan commitments	235,783	343,680
	3,991,380	4,299,222
Less – Provisions	(1,668)	(181)
Financial commitments and contingencies (before deducting collateral)	3,989,712	4,299,041
Less – cash held as security against letters of credit, avals and guarantees, and undrawn loan commitments	(654,158)	(842,560)
Financial commitments and contingencies	3,335,554	3,456,481

14. Fair values of financial instruments

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table presents evaluation methods used for measurement of fair value of financial instruments at fair value through profit or loss or other comprehensive income:

30 June 2011	Level 1	Level 2	Level 3	Total
Investment securities designed at fair value through profit or loss	-	-	84,420	84,420
Available-for-sale investment securities	3,711,425	3,309,325	2,460,346	9,481,096
	3,711,425	3,309,325	2,544,766	9,565,516
31 December 2010	Level 1	Level 2	Level 3	Total
Investment securities designed at fair value through profit or loss	-	-	107,796	107,796
Available-for-sale investment securities	140,030	-	8,720,998	8,861,028
Investment securities pledged under repurchase agreements	-	-	94,640	94,640
	140,030	-	8,923,434	9,063,464
Financial liabilities				
Derivative financial liabilities	-	778	-	778

During the six month period ended 30 June 2011, the Bank transferred certain available-for-sale investment securities from level 3 to level 1 of the fair value hierarchy as a consequence of the market for some securities becoming active. The carrying amount of the total assets transferred was UAH 4,724,879 thousand.

During the six month period ended 30 June 2011, the Bank transferred certain available-for-sale investment securities from level 3 to level 2 of the fair value hierarchy as observable market information became available during the reporting period and fair values were determined using techniques with observable inputs. The carrying amount of the total assets transferred was UAH 3,309,325 thousands.

15. Related party transactions

In accordance with IAS 24 “Related Party Disclosures”, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

Transactions and balances with related parties comprise transactions with Ukrainian government-related entities (both directly and indirectly) and key management personnel.

The outstanding balances of key management personnel as at 30 June 2011 and 31 December 2010, and related income and expense for the six-month periods ended 30 June 2011 and 2010 are as follows:

	30 June 2011 (unaudited)	31 December 2010
	Key management personnel	Key management personnel
Loans to customers, gross	1,414	2,280
Less: allowance for impairment	(19)	(32)
Loans to customers, net	1,395	2,248
Current accounts	2,771	1,494
Time deposits	15,556	14,766
Amounts due to customers	18,327	16,260
	For the six-month period ended 30 June (unaudited)	
	2011	2010
	Key management personnel	Key management personnel
Interest income on loans	141	-
Interest expense on customers' deposits	(366)	(1,727)
Commission income	16	30
Translation differences	(390)	1,647

The aggregate remuneration and other benefits paid to the key management personnel for the six-month period ended 30 June 2011 is UAH 11,701 thousand (UAH 153 thousand payment to non-state pension fund) (six-month period ended 30 June 2010: UAH 16,368 thousand (UAH 288 thousand payment to non-state pension fund)).

In the normal course of business, the Bank enters into contractual agreements with the Government of the Ukraine and entities controlled or significantly influenced by it. The Bank provides the government-related entities with a full range of banking service including, but not limited to, lending, deposit-taking, issue of guarantees, operation with securities, cash and settlement transaction.

Balances of government-related entities which are significant in terms of the carrying amount as at 30 June 2011 are disclosed below:

Client	Sector	Cash and cash equivalents	Amounts due from credit institutions	Loans to customers	Amounts due to customers	Amounts due to NBU	Guarantees issued
Client 1	State and municipal entities	-	-	-	3,220,580	-	-
Client 2	State and municipal entities	-	-	-	262,783	-	-
Client 3	Finance	239,176	-	-	-	-	-
Client 4	Finance	2,719,371	592,742	-	-	4,121,257	-
Client 5	Finance	-	118,979	-	-	-	-

“The State Export-Import Bank of Ukraine”

Notes to the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2011

(in thousands of Ukrainian hryvnia unless otherwise indicated)

<i>Client</i>	<i>Sector</i>	<i>Cash and cash equivalents</i>	<i>Amounts due from credit institutions</i>	<i>Loans to customers</i>	<i>Amounts due to customers</i>	<i>Amounts due to NBU</i>	<i>Guarante es issued</i>
Client 6	Finance	--	-	-	2,725,746	-	-
Client 7	Extractive industry	--	-	2,676,734	489,632	-	-
Client 8	Trade enterprises	--	-	862,080	-	-	-
Client 9	Trade enterprises	--	-	-	-	-	932,850
Client 10	Trade enterprises	--	-	-	-	-	621,605
Client 11	Road construction	--	-	2,081,179	-	-	-
Client 12	Power utilities	--	-	1,085,184	-	-	-
Client 13	Power utilities	--	-	715,916	-	-	-
Client 14	Transport and communication	--	-	-	634,971	-	-
Client 15	Transport and communication	--	-	-	246,247	-	-
Client 16	Engineering	--	-	467,931	-	-	401,103
Client 17	Chemistry	--	-	-	207,029	-	-

Balances of government-related entities which are significant in terms of the carrying amount as at 31 December 2010 are disclosed below:

<i>Client</i>	<i>Sector</i>	<i>Cash and cash equivalents</i>	<i>Amounts due from credit institutions</i>	<i>Loans to customers</i>	<i>Amounts due to customers</i>	<i>Amounts due to NBU</i>	<i>Guarante es issued</i>
Client 1	State and municipal entities	-	-	-	3,088,001	-	-
Client 2	State and municipal entities	--	-	-	184,211	-	-
Client 4	Finance	919,447	590,685	-	-	4,156,617	-
Client 5	Finance	-	159,361	-	-	-	-
Client 7	Extractive industry	-	-	3,301,898	638,843	-	-
Client 9	Trade enterprises	-	-	-	-	-	747,413
Client 10	Trade enterprises	-	-	-	-	-	619,347
Client 11	Road construction	-	-	2,101,929	-	-	-
Client 12	Power utilities	-	-	1,063,351	-	-	-
Client 13	Power utilities	-	-	700,880	-	-	-
Client 14	Transport and communication	-	-	-	475,100	-	-
Client 15	Transport and communication	-	-	-	314,765	-	-
Client 19	Transport and communication	-	-	-	-	-	39,633
Client 16	Engineering	-	-	-	-	-	370,806
Client 18	Construction	-	-	-	175,584	-	-

Transactions with government-related entities mentioned in the tables above were considered not to be significant either individually or in aggregate.

As at 30 June 2011 and 31 December 2010 the Bank’s investments in debt securities issued by the government or the government-related corporate entities were as follows:

	30 June 2011 (unaudited)	31 December 2010
Investment securities held-to-maturity	1,613,027	1,641,477
Investment securities as available-for-sale	6,880,714	8,607,529
Investment securities pledged under repurchase agreements	-	94,640

16. Capital adequacy

NBU capital adequacy ratio

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

As at 30 June 2011 and 31 December 2010, the Bank’s capital adequacy ratio on this basis is as follows:

	30 June 2011 (unaudited)	31 December 2010
Main capital	15,593,162	15,666,181
Additional capital	3,705,681	3,725,025
Total capital	19,298,843	19,391,206
Risk weighted assets	60,401,174	44,801,436
Capital adequacy ratio	31.95%	43.28%

Regulatory capital comprises Tier 1 capital (main capital) consisting of paid-in registered share capital plus reserves less expected losses, intangible assets, accumulated deficit and losses of current period and Tier 2 capital (Additional capital), consisting of credit risk provisions, asset revaluation reserve, current profit, subordinated capital (in the amount not exceeding 100% of Tier 1 capital) and retained earnings. For regulatory capital calculation purposes the qualifying Tier 2 capital amount is limited to 100% of Tier 1 capital.

Capital adequacy ratio under Basel Capital Accord 1988

Eximbank’s capital adequacy ratio, computed in accordance with the Basel Capital Accord 1988, with subsequent amendments including the amendment to incorporate market risks, as at 30 June 2011 and 31 December 2010, comprise:

	30 June 2011 (unaudited)	31 December 2010
Tier 1 capital	16,244,118	16,198,325
Tier 2 capital	4,022,306	3,858,471
Total capital	20,266,424	20,056,796
Risk weighted assets	64,775,479	60,431,003
Tier 1 capital ratio	25.08%	26.80%
Total capital ratio	31.29%	33.19%