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

For six months ended 30 June 2017
Together with review report

Translation from Ukranian original

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Translation from Ukrainian original

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Report on Review of Interim Financial Information

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Public Joint Stock Company "The State Export-Import Bank of Ukraine" and its subsidiaries (together referred to as "the Bank"), which comprise the interim condensed consolidated statement of financial position as at 30 June 2017 and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three- and six-month periods then ended, changes in equity and cash flows for the six-month period then ended, and selected explanatory notes (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Other matter

The interim condensed consolidated financial statements of the Public Joint Stock Company "The State Export-Import Bank of Ukraine" and its subsidiaries as at 30 June 2016 and for the six-month period then ended were reviewed by another auditor who issued a review report dated 31 August 2016 with an unmodified conclusion and an emphasis of matter paragraph drawing attention to political and economic uncertainties in Ukraine.

The interim condensed consolidated statements of profit or loss and comprehensive income for the three-month period ended 30 June 2016 were not reviewed.

Ernst & Young Audit Services LLC

30 August 2017

Kyiv, Ukraine

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017
(thousands of Ukrainian hryvnia)

	Notes	*30 June 2017 (unaudited)*	*31 December 2016*
Assets			
Cash and cash equivalents	4	30,283,049	21,378,517
Due from credit institutions	5	1,079,741	1,544,476
Loans to customers	6	56,846,712	58,469,531
Investment securities:	7		
- designated at fair value through profit or loss		27,213,686	24,064,110
- available-for-sale		46,345,072	48,193,549
- held-to-maturity		117,827	139,098
Current income tax assets	9	43,601	101,677
Investment property		1,331,518	1,344,074
Property and equipment		1,994,602	2,120,672
Intangible assets	8	34,947	26,778
Deferred income tax asset	9	2,322,000	2,322,000
Other assets	11	795,364	697,747
Total assets		**168,408,119**	**160,402,229**
Liabilities			
Amounts due to credit institutions	12	24,733,778	27,931,388
Amounts due to customers	13	89,898,226	85,788,952
Eurobonds issued	14	36,063,943	37,562,345
Subordinated debt		3,358,483	3,495,895
Provisions for other losses	10	4,074	5,137
Other liabilities		255,848	258,246
Total liabilities		**154,314,352**	**155,041,963**
Equity			
Share capital	15	38,730,042	31,008,041
Revaluation reserves	15	362,308	725,335
Result from transactions with the shareholder	15	635,104	-
Accumulated deficit		(25,796,613)	(26,536,036)
Reserve and other funds		162,926	162,926
Total equity		**14,093,767**	**5,360,266**
Total equity and liabilities		**168,408,119**	**160,402,229**

Authorised for release and signed

29 August 2017

Acting Chairman of the Board **O.M. Alieksieieva**

Deputy Chief Accountant **O.I. Mogylna**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For six months ended 30 June 2017
(thousands of Ukrainian hryvnia)

	Notes	2017 For three months ended 30 June	2017 For six months ended 30 June	2016 For three months ended 30 June	2016 For six months ended 30 June
		(unaudited)			
Interest income					
Loans to customers		1,731,378	3,542,072	2,085,796	4,257,350
Investment securities other than designated at fair value through profit or loss		1,156,063	2,020,586	1,117,380	2,053,217
Due from credit institutions		23,390	46,590	67,300	207,586
Amounts due from the National Bank of		11,226	78,539	91,787	326,104
		2,922,057	**5,687,787**	**3,362,263**	**6,844,257**
Investment securities designed at fair value through profit or loss		305,745	588,530	209,943	376,859
		3,227,802	**6,276,317**	**3,572,206**	**7,221,116**
Interest expense					
Amounts due to customers		(1,188,399)	(2,226,101)	(1,395,695)	(2,794,080)
Eurobonds issued		(869,962)	(1,754,121)	(827,161)	(1,687,261)
Amounts due to the National Bank of Ukraine		-	-	(79,269)	(196,572)
Amounts due to credit institutions		(364,135)	(657,079)	(195,206)	(357,239)
Subordinated debt		(69,394)	(139,015)	(269,622)	(543,359)
		(2,491,890)	**(4,776,316)**	**(2,766,953)**	**(5,578,511)**
Net interest income		**735,912**	**1,500,001**	**805,253**	**1,642,605**
Allowance for loan impairment charge	5,6	(533,407)	(1,086,555)	(1,173,333)	(2,433,078)
Net interest expense after allowance for loan impairment		**202,505**	**413,446**	**(368,080)**	**(790,473)**
Commission income		228,961	448,374	256,080	536,391
Commission expense		(83,152)	(157,567)	(88,290)	(190,132)
Commission income, net	17	**145,809**	**290,807**	**167,790**	**346,259**
Net gains/(losses) from investment securities designated at fair value through profit and loss		(516,348)	(575,240)	(1,072,938)	508,137
Net gains/(losses) from investment securities available-for-sale:					
- net gains/losses previously recognised in other comprehensive income		(44,468)	(44,468)	(795)	3,841
- dealing		(14)	(14)	-	-
- reversal/(losses) on impairment		10,327	(2,376)	-	-
Net gains/(losses) from foreign currencies:					
- dealing		101,597	219,182	96,173	230,793
- translation differences		920,210	1,144,561	1,583,804	(940,248)
Net gains/(losses) from precious metals:					
- dealing		427	462	103	323
- changes in fair values		223	(366)	(243)	(4,247)
Other income		63,052	93,962	25,967	70,963
Non-interest income		**535,006**	**835,703**	**632,071**	**(130,438)**
Personnel costs	18	(227,747)	(398,446)	(198,593)	(368,977)
Depreciation and amortisation		(24,448)	(50,229)	(26,229)	(51,961)
(Charge)/reversal to other impairment and provisions	10	(3,595)	2,736	(24,793)	(31,185)
Loss on initial recognition of financial assets		(116)	(116)	-	-

Selected notes on pages 7-30 form an integral part of these interim condensed consolidated financial statements

	Notes	2017 For three months ended 30 June	2017 For six months ended 30 June	2016 For three months ended 30 June	2016 For six months ended 30 June
		(unaudited)			
Other operating expenses	18	(161,989)	(306,347)	(150,310)	(313,502)
Non-interest expense		**(417,895)**	**(752,402)**	**(399,925)**	**(765,625)**
Profit/(Loss) before tax		**465,425**	**787,554**	**31,856**	**(1,340,277)**
Income tax expenses	9	(56,666)	(57,331)	-	-
Profit /(Loss) for the period		**408,759**	**730,223**	**31,856**	**(1,340,277)**

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29 August 2017

Acting Chairman of the Board **O.M. Alieksieieva**

Deputy Chief Accountant **O.I. Mogylna**

Selected notes on pages 7-30 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For six months ended 30 June 2017

(thousands of Ukrainian hryvnia)

	2017		2016	
	For three months ended 30 June	*For six months ended 30 June*	*For three months ended 30 June*	*For six months ended 30 June*
	(unaudited)			
Profit/(loss) for the period	**408,759**	**730,223**	**31,856**	**(1,340,277)**
Other comprehensive loss:				
Other comprehensive (loss)/income to be reclassified through the consolidated statement of profit and loss:				
Net (losses)/gains on investment securities available-for-sale (Note 15)	(588,503)	(353,827)	123,442	(69,752)
Other comprehensive (loss)/income for the period, net of tax	**(588,503)**	**(353,827)**	**123,442**	**(69,752)**
Total comprehensive (loss)/income for the period	**(179,744)**	**376,396**	**155,298**	**(1,410,029)**

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29 August 2017

Acting Chairman of the Board **O.M. Alieksieieva**

Deputy Chief Accountant **O.I. Mogylna**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For six months ended 30 June 2017
(thousands of Ukrainian hryvnia)

	Share capital	*Revaluaion reserve*	*Result from transactions with the shareholder*	*Accumula-ted deficit*	*Reserve and other funds*	*Total capital*
At 1 January 2016	**21,689,042**	**664,823**	**-**	**(25,577,130)**	**162,926**	**(3,060,339)**
Loss for the period	-	-	-	(1,340,277)	-	(1,340,277)
Other comprehensive income for the period	-	(69,752)	-	-	-	(69,752)
Total comprehensive (loss)/income for the period	**-**	**(69,752)**	**-**	**(1,340,277)**	**-**	**(1,410,029)**
Depreciation of revaluation reserve, net of tax (Note 15)	-	(9,199)	-	9,199	-	-
Increase in share capital (Note 15)	9,318,999	-	-	-	-	9,318,999
As at 30 June 2016 (unaudited)	**31,008,041**	**585,872**	**-**	**(26,908,208)**	**162,926**	**4,848,631**
At 1 January 2017	**31,008,041**	**725,335**	**-**	**(26,536,036)**	**162,926**	**5,360,266**
Profit for the period	-	-	-	730,223	-	730,223
Other comprehensive loss for the period	-	(353,827)	-	-	-	(353,827)
Total comprehensive loss for the period	**-**	**(353,827)**	**-**	**730,223**	**-**	**376,396**
Initial recognition of government bonds received as a contribution of the shareholder (Note 15)	-	-	635,104	-	-	635,104
Depreciation of revaluation reserve, net of tax (Note 15)	-	(9,200)	-	9,200	-	-
Increase in share capital (Note 15)	7,722,001	-	-	-	-	7,722,001
As at 30 June 2017 (unaudited)	**38,730,042**	**362,308**	**635,104**	**(25,796,613)**	**162,926**	**14,093,767**

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29 August 2017

Acting Chairman of the Board **O.M. Alieksieieva**

Deputy Chief Accountant **O.I. Mogylna**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For six months ended 30 June 2017
(direct method)
(thousands of Ukrainian hryvnia)

	Notes	*For six months ended 30 June* 2017 (unaudited)	2016
Cash flows from operating activities			
Interest received		5,348,623	5,506,836
Interest paid		(4,695,004)	(5,439,453)
Commissions received		452,241	424,738
Commissions paid		(157,297)	(187,269)
Result from dealing in foreign currencies and precious metals		219,644	234,957
Personnel costs		(413,068)	(384,759)
Other operating income		51,765	52,501
Other operating and administrative expenses		(304,577)	(330,310)
Cash flow from operating activities before changes in operating assets and liabilities		**502,327**	**(122,759)**
Net (increase)/decrease in operating assets:			
Due from credit institutions		436,188	2,660,150
Loans to customers		(114,805)	(16,433)
Other assets		(97,284)	(155,642)
Net increase / (decrease) in operating liabilities			
Amounts due to credit institutions		(978,027)	898,762
Amounts due to the National Bank of Ukraine		73	(1,961,337)
Amounts due to customers		5,749,550	223,838
Other liabilities		18,426	70,407
Net cash flows from operating activities before income tax		**5,516,448**	**1,596,986**
Income tax paid		(666)	(192,630)
Net cash flows from operating activities		**5,515,782**	**1,404,356**
Cash flows from investing activities			
Proceeds from sale and redemption of investment securities		4,811,528	18,976,206
Purchase of investment securities		(46,847)	(19,058,414)
Dividends received		92	-
Purchases of property, equipment and intangible assets		(22,373)	(23,834)
Proceeds from sale of property and equipment		130,997	-
Proceeds from sale of investment property		13,709	17,610
Net cash flows from investing activities		**4,887,106**	**(88,432)**
Cash flows from financing activities			
Proceeds from borrowings from credit institutions		340,012	1,149,606
Repayment of borrowings from credit institutions		(1,575,962)	(1,265,693)
Net cash flows from financing activities		**(1,235,950)**	**(116,087)**
Effect of exchange rates changes on cash and cash equivalents		(262,406)	294,471
Net change in cash and cash equivalents		**8,904,532**	**1,494,308**
Cash and cash equivalents, 1 January		**21,378,517**	**24,241,179**
Cash and cash equivalents, 30 June	4	**30,283,049**	**25,735,487**

Authorised for release and signed

29 August 2017

Acting Chairman of the Board **O.M. Alieksieieva**

Deputy Chief Accountant **O.I. Mogylna**

(thousands of Ukrainian hryvnia, unless otherwise stated)

1. Principal activities

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

As at 30 June 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 58 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 the public and makes loans, transfers payments in Ukraine and internationally, exchanges currencies, invests funds and provides cash and settlements, and other banking services to its customers.

One of the main activities of UkrEximBank is to facilitate, on behalf of the Ukrainian Government, the administration of loan agreements entered into by the Ukrainian Government with other foreign governments. UkrEximBank acts as an agent, on behalf of the Ukrainian Government, with respect to loans from foreign financial institutions based on the aforementioned agreements.

The Bank's mission 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 on behalf 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 operates in Ukraine 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 preparation

These interim condensed consolidated financial statements for six months ended 30 June 2017 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

These interim condensed consolidated financial statements do not include all information and data subject to disclosure in the annual financial statements and should be read in conjunction with the Bank's annual consolidated financial statements as at 31 December 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"), 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 the year ended 31 December 2016, except for the introduction of new standards as described in Note 2 to the annual consolidated financial statements of the Bank for the year ended 31 December 2016.

The following amended standards became effective 1 January 2017 as noted in the annual consolidated financial statements of the Bank for the year ended 31 December 2016, but did not have material impact on these interim condensed consolidated financial statements.

(thousands of Ukrainian hryvnia, unless otherwise stated)

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 restrictive currency controls, which cause the national currency to be illiquid outside of Ukraine.

Stabilization and further recovery of the Ukrainian economy will be significantly impacted by the developments in the eastern part of the country, further international financial aid, external commodity markets conditions, and policies and decisions of the Verhovna Rada, the Government, the NBU and the Administration of the President with regard to social and economic reforms. Consequently, high risks, uncommon for mature market, are inherent to the banking business in Ukraine.

The Ukrainian economy is open and vulnerable to changes in the international commodities and capital markets as well. Certain improvement in raw iron, steel, seed oil international markets prices and record export sales of agricultural produce resulted in export indicators growth for goods and services . However, a higher volatility of international commodities markets together with an increase in goods and services import resulted in trade imbalance (deficit) growth.

Further receipts of the IMF tranche and financial aid from international financial organisations (“IFO”) together with international trade recovery facilitated stabilization and gradual appreciation of national currency against US dollar for the first half year 2017. As at 30 June of 2017 the official exchange rate of hryvnia to US Dollar was UAH 26.10 to 1 US Dollar (31 December 2016: UAH 27.19 to 1 US Dollar).

As a result, the Ukrainian economy recovery contunied in 2017. According to the State Statistics Service of Ukraine, the gross domestic product (“ the GDP”) grew by 0.6%, in the second quarter of 2017 as compared to the preceding quarter (as adjusted for seasonality) and by 2.4% as compared tot the second quarter of 2016.

A loss of production facilities in the eastern part of Ukraine and responsive measures such as a “freezing” of cargo transportation through the borderline between Ukrainian mainland and certain areas of Donetsk and Lugansk regions (“ORDLO”) led to the disruption of supply chains and logistics difficulaties. In consequence of this, manufacturing production in Ukraine fell by 0.4% for the first six months of the current year.

A growth in regulated prices, retail prices of manufacturers, gas prices and cost of services caused consumer inflation growth up to 7.9% for first six months of the current year (against December 2016).

“PrivatBank” nationalization resulted in futher growth in the capital owned by the Government in the banking system. A growth in non-performing loans, a high level of corporate debt and respective high credit risks caused low lending activity of banks in Ukraine. As such, a liquidity surplus available within the banking system was mostly invested in low risk financial instruments such as government securities.

A continuous threat of unemployment growth, excess of consumers’ spent over income, low liquidity and low efficiency of enterprises are having an adverse impact on borrowers’ ability to service and repay debts due to the Bank. Upon receipt of such information, the Bank promptly revises its estimates of future cash flows and implements necessary measures to sustain the Bank’s business, including the structural optimisation and cost reduction.

Further adverse developments of the above-mentioned conditions, especially in political conditions, as well as tensions in the eastern part of Ukraine may further adversely affect the Bank’s financial position and performance in a manner not currently determinable.

Changes in accounting policies

The following modified standards and interpretations became effective for the Bank from 1 January 2017:

Amendments to IAS 12 Income Taxes

In January 2016, through issuing amendments to IAS 12, the IASB clarified the accounting treatment of deferred tax assets of debt instruments measured at fair value for accounting, but measured at cost for tax purposes.

The above amendments have no impact on the financial statements.

Amendments to IAS 7 Statement of Cash Flows

In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows with the intention to improve disclosures of financing activities and help users to better understand the reporting entities’ liquidity positions. Under the new requirements, entities will need to disclose changes in their financial liabilities as a result of financing activities such as changes from cash flows and non-cash items (e.g., gains and losses due to foreign currency movements). The amendment is effective from 1 January 2017.

These disclosures are not mandaroty for these interim condensed consolidated financial statements. The Bank will apply these amendments in its annual financial statements for the year 2017.

Future changes in accounting policies

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2018 or later. The Bank has not adopted early any of these new standards and interpretations.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

From a classification and measurement perspective, the new standard will require all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IAS 39 measurement categories will be replaced by: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI), and amortised cost categories. IFRS 9 will also allow entities to continue to irrevocably designate instruments that qualify for amortised cost or FVOCI instruments as FVPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Equity instruments that are not held for trading may be irrevocably designated as FVOCI, with no subsequent reclassification of gains or losses to the income statement. The accounting for financial liabilities will largely be the same as the requirements of IAS 39.

IFRS 9 will also fundamentally change the approach to loan impairment. The standard will replace IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. The Bank will be required to record an allowance for expected losses for all loans and other debt financial assets not carried at FVPL, as well as for loan commitments and financial guarantee contracts.

The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case the allowance would be based on the probability of default over the life of the asset.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but restatement of comparative information is not required; the effect on the transition date – 1 January 2018 – would be recorded 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 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Revenue arising from lease contracts within the scope of IAS 17 Leases, insurance contracts within the scope of IFRS 4 Insurance Contracts and financial instruments and other contractual rights and obligations within the scope of IAS 39 Financial Instruments: Recognition and Measurement (or IFRS 9 Financial Instruments, if early adopted) is out of IFRS 15 scope and is dealt by respective standards.

Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

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

IFRS 16 Leases

The IASB issued the new standard for accounting for leases - IFRS 16 Leases in January 2016. The new standard does not significantly change the accounting for leases for lessors. However, it does require lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted provided the new revenue standard, IFRS 15, is applied on the same date.

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

Amendments to IFRS 2 Share-based Payment

The IASB issued amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions. The amendments are intended to eliminate diversity in practice, but are narrow in scope and address specific areas of classification and measurement. The amendments address three main areas:

- The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction.
- The classification of a share-based payment transaction with net settlement features for withholding tax obligations.
- The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

The amendment is effective for annual periods beginning on or after 1 January 2018. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. Early application is permitted.

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

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4

The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the new insurance contracts standard that the Board is developing to replace IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. The optional temporary exemption from IFRS 9 is available to entities whose activities are predominantly connected with insurance. The temporary exemption permits such entities to continue to apply IAS 39 Financial Instruments: Recognition and Measurement while they defer the application of IFRS 9 until 1 January 2021 at the latest. The overlay approach requires an entity to remove from profit or loss additional volatility that may arise if IFRS 9 is applied with IFRS 4.

The temporary exemption is first applied for reporting periods beginning on or after 1 January 2018. An entity may elect the overlay approach when it first applies IFRS 9 and apply that approach retrospectively to financial assets designated on transition to IFRS 9.

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

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

The interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) on the derecognition of a non-monetary asset or non-monetary liability arising from an advance consideration in a foreign currency. Under IAS 21, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transaction for each payment or receipt of advance consideration. IFRIC 22 only applies in circumstances in which an entity recognises a non-monetary asset or non-monetary liability arising from an advance consideration. IFRIC 22 does not provide application guidance on the definition of monetary and non-monetary items. An advance payment or receipt of consideration generally gives rise to the recognition of a non-monetary asset or non-monetary liability, however, it may also give rise to a monetary asset or liability. An entity may need to apply judgment in determining whether an item is monetary or non-monetary.

(thousands of Ukrainian hryvnia, unless otherwise stated)

Transfers of Investment Property - Amendments to IAS 40

The amendments clarify the requirements on transfers to, or from, investment property in respect of properties under construction. Prior to the amendments, there was no specific guidance on transfers into, or out of, investment properties under construction in IAS 40. The amendment clarifies that there was no intention to prohibit transfers of a property under construction or development, previously classified as inventory, to investment property when there is an evident change in use. IAS 40 was amended to reinforce the principle of transfers into, or out of, investment property in IAS 40 to specify that a transfer into, or out of investment property should only be made when there has been a change in use of the property; and such a change in use would involve an assessment of whether the property qualifies as an investment property. Such a change in use should be supported by evidence.

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

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Bank's financial statements.

Significant accounting judgements and estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 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 focussing on servicing retail customers on the full list of products, and selling products that are mainly in standardized form (as per the tariffs approved and the standard procedures) and generally do not require individual approach.
Corporate banking	Business Unit focussing on corporate customers selling products that require individual approach and are mainly offered to corporate clients.
Interbank and investments business	Business Unit focussing on the provision of services to participants in the financial markets (money, currency, stock, etc.) and the sale of products related to transactions on the financial markets.

The Board monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance, as explained in the table below, is measured taking into account income and expenses from other segments.

Unallocated amounts include:

- income tax receivables and payables, the share of assets and costs associated with the work of the Bank's top management, i.e. personnel performing general management functions at the level of the whole Bank's system and the Bank's staff, supporting directly the work of top management;
- the result of the revaluation of open currency position;
- the difference between inter-segment revenues and costs of all business lines, 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 six months ended 30 June 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 2,438,284 thousand (30 June 2016: UAH 2,116,970 thousand). Revenues from transactions with this external customer is reflected in the segment "Interbank and investments business".

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

(thousands of Ukrainian hryvnia, unless otherwise stated)

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

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

	Retail banking	*Corporate banking*	*Interbank and investments business*	*Unallocated*	*Total*
External					
Interest income	214,866	3,337,504	2,723,947	-	6,276,317
Commission income	257,871	179,475	11,028	-	448,374
Other income	8,380	79,955	145	5,482	93,962
Net gains from transactions with foreign currencies	65,145	77,184	94,078	1,127,336	1,363,743
Net gains from operations with banking metals	319	-	2,142	-	2,461
Gain from changes in the fair value of investment securities designated at fair value through profit and loss	-	-	-	4,744	4,744
Reversal of loan impairment provisions	35,267	-	-	-	35,267
Reversal of provisions for impairment of other assets and for covering other losses	-	3,723	1,578	-	5,301
Income from other segments	1,364,437	1,530,849	2,760,030	(5,655,316)	-
Total income	1,946,285	5,208,690	5,592,948	(4,517,754)	8,230,169
Interest expenses	(1,011,885)	(1,214,685)	(2,549,746)	-	(4,776,316)
Commission expense	(97,004)	(54,732)	(5,622)	(209)	(157,567)
Loan impairment charge	-	(1,116,475)	(5,328)	(19)	(1,121,822)
Net loss from operations with banking metals	-	-	-	(2,365)	(2,365)
Loss from investment securities available-for-sale	-	(60)	(7,074)	-	(7,134)
Net losses on sale of investment securities available-for-sale, previously recognised in other comprehensive income	-	-	-	(44,468)	(44,468)
Loss from changes in the fair value of investment securities designated at fair value through profit and loss	-	-	-	(575,240)	(575,240)
Personnel expenses	(162,603)	(133,573)	(44,960)	(57,310)	(398,446)
Depreciation and amortisation	(26,893)	(14,669)	(3,517)	(5,150)	(50,229)
Other operating expenses	(193,204)	(58,424)	(14,699)	(40,020)	(306,347)
Charge for impairment of other assets and for covering other losses	(2,403)	-	-	(162)	(2,565)
Loss from initial recognition of financial assets	-	-	(116)	-	(116)
Expenses from other segments	(155,789)	(2,667,811)	(2,568,436)	5,392,036	-
Segment results	296,504	(51,739)	393,450	149,339	787,554
Income tax expense					(57,331)
Gain for the period					730,223

(thousands of Ukrainian hryvnia, unless otherwise stated)

	Retail banking	*Corporate banking*	*Interbank and investments business*	*Unallocated*	*Total*
Assets and liabilities as at 30 June 2017					
Segment assets	4,875,861	57,200,641	103,577,172		165,653,674
Unallocated assets				2,754,445	2,754,445
Total assets					168,408,119
Segment liabilities	33,977,385	56,317,718	63,828,500		154,123,603
Unallocated liabilities				190,749	190,749
Total liabilities					154,314,352
Other segment information					
Capital expenditure	(11 542)	(6 285)	(1 508)	(2 209)	(21 544)

The following table presents income and expenses, profit and loss information for six months ended 30 June 2016 (unaudited), and total assets and liabilities information regarding the Bank's operating segments as at 31 December 2016:

	Retail banking	*Corporate banking*	*Interbank and investments business*	*Unallocated*	*Total*
External					
Interest income	229,753	4,047,276	2,944,087	-	7,221,116
Commission income	239,090	287,230	10,071	-	536,391
Other income	7,304	27,039	5,402	14,896	54,641
Net gains from transactions with foreign currencies	63,832	76,824	117,865	-	258,521
Net gains from operations with banking metals	255	2	11,000	-	11,257
Net gains on sale of investment securities available-for-sale, previously recognised in other comprehensive income	-	-	-	3,841	3,841
Gain from changes in the fair value of investment securities designated at fair value through profit and loss	-	-	-	508,137	508,137
Gain from initial recognition of financial assets	-	-	16,322	-	16,322
Reversal of loan impairment provisions	128,118	-	-	-	128,118
Reversal of provisions for impairment of other assets and for covering other losses	-	-	2,127	-	2,127
Income from other segments	1,695,961	1,853,271	3,113,598	(6,662,830)	-
Total income	2,364,313	6,291,642	6,220,472	(6,135,956)	8,740,471
Interest expenses	(1,320,544)	(1,473,975)	(2,783,992)	-	(5,578,511)
Commission expense	(68,906)	(116,780)	(4,307)	(139)	(190,132)
Loan impairment charge	-	(2,451,577)	(109,619)	-	(2,561,196)
Net loss from operations with foreign currencies	-	-	-	(967,976)	(967,976)
Net loss from operations with banking metals	-	-	-	(15,181)	(15,181)
Personnel expenses	(176,273)	(110,835)	(33,739)	(48,130)	(368,977)
Depreciation and amortisation	(32,249)	(13,556)	(2,424)	(3,732)	(51,961)
Other operating expenses	(212,618)	(56,771)	(13,585)	(30,528)	(313,502)
Charge for impairment of other assets and for covering other losses	(931)	(29,433)	-	(2,948)	(33,312)
Expenses from other segments	(184,807)	(3,115,765)	(2,831,580)	6,132,152	-
Segment results	367,985	(1,077,050)	441,226	(1,072,438)	(1,340,277)
Loss for the period					(1,340,277)

(thousands of Ukrainian hryvnia, unless otherwise stated)

	Retail banking	*Corporate banking*	*Interbank and investments business*	*Unallocated*	*Total*
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	(12,572)	(4,472)	(800)	(1,232)	(19,076)

The significant part of loss for six months of 2017 and profit for six months of 2016 from investment securities, evaluated at fair value with their revaluation displayed through profit and loss, occur due to government bonds revaluation adjusted for exchange rate shift.

4. Cash and cash equivalents

Cash and cash equivalents comprise:

	30 June 2017 (unaudited)	*31 December 2016*
Current accounts with other credit institutions	12,322,926	8,884,608
Overnight deposits with other credit institutions	6,654,199	1,894,306
Deposits certificates of the National Bank of Ukraine up to 90 days	5,102,629	4,006,865
Current account with the National Bank of Ukraine	5,088,357	5,372,785
Cash on hand	1,114,938	1,219,953
Cash and cash equivalents	30,283,049	21,378,517

Ukrainian banks are required to 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 June 2017 and 31 December 2016 the Bank meets all the NBU's mandatory reserve requirements.

Financing and investment transactions that did not require the use of cash and cash equivalents, and were excluded from the interim condensed consolidated statement of cash flows are as follows:

	For six months ended 30 June 2017	*For six months ended 30 June 2016*
	(unaudited)	
Non-cash financing and investment activities		
Issue of ordinary shares in exchange for government securities	7,722,001	9,318,999
Total non-cash financing and investment activities	7,722,001	9,318,999

(thousands of Ukrainian hryvnia, unless otherwise stated)

5. Due from credit institutions

Amounts due from credit institutions comprise:

	30 June 2017 (unaudited)	*31 December 2016*
Loans and deposits due from other banks		
Ukrainian banks	1,345,439	1,706,729
OECD banks	334,016	518,053
CIS and other banks	65,266	43,989
	1,744,721	2,268,771
Amounts due from other credit institutions		
Current accounts with other credit institutions in precious metals	110,370	121,567
Other amounts due from credit institutions	73,554	3
	1,928,645	2,390,341
Less: Allowance for impairment	(848,904)	(845,865)
Due from credit institutions	1,079,741	1,544,476

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

	Loans and deposits
As 1 January 2017	845,865
Charge for the period	5,328
Translation differences	(1,135)
As 31 March 2017 *(unaudited)*	850,058
Charge for the period	317
Translation differences	(1,471)
As 30 June 2017 *(unaudited)*	848,904
As 1 January 2016	548,746
Reversal for the period	(354)
Translation differences	3,721
As 31 March 2016 *(unaudited)*	552,113
Charge for the period	108,509
Translation differences	(2,334)
As 30 June 2016 *(unaudited)*	658,288

6. Loans to customers

Loans to customers comprise:

	30 June 2017 (unaudited)	*31 December 2016*
Commercial loans	102,094,782	103,403,198
Overdrafts	423,738	456,206
Financial lease receivables	78,954	94,664
Promissory notes	67,571	66,270
	102,665,045	104,020,338
Less: Allowance for impairment	(45,818,333)	(45,550,807)
Loans to customers	56,846,712	58,469,531

Loans have been extended to the following types of customers:

	30 June 2017 (unaudited)	*31 December 2016*
Private entities	81,302,499	82,390,783
State entities	19,791,846	20,039,806
Individuals	1,312,842	1,333,388
Municipal entities	257,858	256,361
	102,665,045	104,020,338

(thousands of Ukrainian hryvnia, unless otherwise stated)

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

	Commercial loans	*Overdrafts*	*Financial lease receivables*	*Promissory notes*	*Total*
As 1 January 2016	40,806,110	23,916	17,736	449	40,848,211
Charge/(reversal) for the period	1,260,648	(811)	21	241	1,260,099
Recoveries	1,073	-	-	-	1,073
Translation differences	3,132,759	-	-	-	3,132,759
As 31 March 2016 *(unaudited)*	45,200,590	23,105	17,757	690	45,242,142
Charge/(reversal) for the period	1,067,445	(2,466)	(443)	288	1,064,824
Recoveries	22,436	-	-	-	22,436
Amounts written off	-	-	(84)	-	(84)
Translation differences	(1,994,820)	-	-	-	(1,994,820)
As 30 June 2016 *(unaudited)*	44,295,651	20,639	17,230	978	44,334,498

Credit quality by category of financial assets

The Bank applies an approach to assess 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 June 2017 (unaudited)	*High Rating*	*Standard Rating*	*Substandard Rating*	*Standard and Substandard Rating*	*Low Rating*	*Total*
Loans to corporate customers:						
Commercial loans	21,294,248	11,445,301	4,245,358	20,357,163	43,439,870	100,781,940
Overdrafts	147,584	239,647	20,706	15,801	-	423,738
Finance lease receivables	-	-	-	-	78,954	78,954
Promissory notes	55,165	12,406	-	-	-	67,571
	21,496,997	11,697,354	4,266,064	20,372,964	43,518,824	101,352,203
Loans to individuals	70,055	28,993	10,317	120,132	1,083,345	1,312,842
Total	21,567,052	11,726,347	4,276,381	20,493,096	44,602,169	102,665,045

(thousands of Ukrainian hryvnia, unless otherwise stated)

	Neither past due nor individually impaired			*Past due or individually impaired*		
As at 30 June 2017 (unaudited)	*High Rating*	*Standard Rating*	*Substandard Rating*	*Standard and Substandard Rating*	*Low Rating*	*Total*
Provision for impairment	(308,338)	(312,026)	(406,959)	(8,075,285)	(36,715,725)	(45,818,333)
Total after provision for impairment	21,258,714	11,414,321	3,869,422	12,417,811	7,886,444	56,846,712

	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 tailored to the various categories and are derived in accordance with the Bank's rating policy. The attributable risk ratings are assessed and updated regularly.

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

As 30 June 2017 (unaudited)	*Less than 30 days*	*From 31 to 60 days*	*From 61 to 90 days*	*More than 90 days*	*Total*
Loans to customers:					
Loans to corporate customers	769,148	155,177	-	260	924,585
Loans to individuals	42,328	1,766	2,484	-	46,578
Total	811,476	156,943	2,484	260	971,163

As 31 December 2016	*Less than 30 days*	*From 31 to 60 days*	*From 61 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 June 2017 and 31 December 2016 investment securities designated at fair value through profit and loss presented Ukrainian state bonds, nominal value 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, recognising revaluation as profit or loss.

(thousands of Ukrainian hryvnia, unless otherwise stated)

Available-for-sale investment securities comprise:

	30 June 2017 (unaudited)	*31 December 2016*
Ukrainian state bonds	44,745,153	46,163,120
Corporate bonds	1,583,545	2,018,739
Corporate shares	16,374	11,690
Available-for-sale investments	46,345,072	48,193,549

Held-to-maturity investment securities comprise the following:

	30 June 2017 (unaudited)		*31 December 2016*	
	Nominal value	*Carrying value*	*Nominal value*	*Carrying value*
Ukrainian state bonds	122,705	117,827	147,246	139,098
Held-to-maturity investments		117,827		139,098

8. Intangible assets

The movements in intangible assets are as follows:

	Computer software and licenses
Cost	
At 31 December 2016	80,228
Additions	12,378
Disposals	(47)
At 30 June 2017 *(unaudited)*	92,559
Accumulated depreciation	
At 31 December 2016	(53,450)
Charge for the year	(4,209)
Disposals	47
At 30 June 2017 *(unaudited)*	(57,612)
Net book value:	
At 31 December 2016	26,778
At 30 June 2017 *(unaudited)*	34,947

9. Income tax

The corporate income tax charge comprises:

	2017		*2016*	
	For three months ended 30 June	*For six months ended 30 June*	*For three months ended 30 June*	*For six months ended 30 June*
	(unaudited)			
Current tax charge	(56,666)	(57,331)	(363,279)	(363,279)
Deferred tax credit	-	-	363,279	363,279
Income tax charge	(56,666)	(57,331)	-	-

As at 30 June 2017, Ukrainian corporate income tax was calculated as taxable income less allowable expenses at the rate of 18% (31 December 2016: 18%).

(thousands of Ukrainian hryvnia, unless otherwise stated)

Income tax assets consist of the following:

	30 June 2017 (unaudited)	*31 December 2016*
Current tax assets	43,601	101,677
Deferred income tax assets	2,322,000	2,322,000
Income tax assets	2,365,601	2,423,677

10. Other impairment and provisions

The movements in other impairment and provisions are as follows:

	Other assets	*Guarantees and commitments*	*Total*
At 1 January 2017	400,408	5,137	405,545
Charge/(reversal) for the period	(7,292)	961	(6,331)
Amounts written-off	(2,155)	-	(2,155)
Translation differences	45	15	60
At 31 March 2017 *(unaudited)*	391,006	6,113	397,119
Charge/(reversal) for the period	5,649	(2,054)	3,595
Amounts written-off	(2)	-	(2)
Translation differences	(567)	15	(552)
At 30 June 2017 *(unaudited)*	396,086	4,074	400,160

	Other assets	*Guarantees and commitments*	*Total*
At 1 January 2016	255,304	22,213	277,517
Charge for the period	2,428	3,964	6,392
Translation differences	4,178	1,663	5,841
At 30 March 2016 *(unaudited)*	261,910	27,840	289,750
Charge/(reversal) for the period	43,787	(18,994)	24,793
Translation differences	(2,576)	(729)	(3,305)
At 30 June 2016 *(unaudited)*	303,121	8,117	311,238

Allowances for impairment of assets are deducted from the related assets. Provisions are recognised in liabilities.

(thousands of Ukrainian hryvnia, unless otherwise stated)

11. Other assets

Other assets comprise:

	30 June 2017 (unaudited)	*31 December 2016*
Other financial assets		
Other accrued income	328,276	328,429
Transit accounts in respect of card operations	280,972	211,404
Receivables on transactions with customers	171,780	138,880
Service fee on financial guarantees issued	9,881	10,208
Other	115	120
	791,024	689,041
Less: Allowance for impairment (Note 10)	(330,953)	(333,326)
Other financial assets	460,071	355,715
Other assets		
Other tax assets, except those related to income tax	260,027	259,989
Precious metals	56,526	50,025
Prepayments	33,163	33,913
Cash and cash equivalents, the presence of which is not confirmed	32,590	42,477
Inventories	17,616	21,127
Other	504	1,583
	400,426	409,114
Less: Allowance for impairment (Note 10)	(65,133)	(67,082)
Other assets	335,293	342,032
Total other assets	795,364	697,747

12. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	30 June 2017 (unaudited)	*31 December 2016*
Current accounts		
Ukrainian banks	1,539,899	2,544,634
Correspondent account to the National Bank of Ukraine	732	659
CIS and other banks	405	826
	1,541,036	2,546,119
Loans and deposits		
International financial institutions	19,919,412	21,878,151
OECD banks	3,196,144	3,390,535
Ukrainian banks	77,172	116,309
	23,192,728	25,384,995
Other amounts due to credit institutions	14	274
Amounts due to credit institutions	24,733,778	27,931,388
Held as security against guarantees (Note 16)	-	24,528

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

(thousands of Ukrainian hryvnia, unless otherwise stated)

13. Amounts due to customers

Amounts due to customers comprise:

	30 June 2017 (unaudited)	*31 December 2016*
Current accounts		
Legal entities	20,851,832	17,638,612
Budget organizations	5,078,351	4,424,952
Individuals	3,872,469	3,516,537
Funds under the Bank's management	1	8,077
	29,802,653	25,588,178
Time deposits		
Legal entities	39,587,196	39,218,415
Individuals	20,189,377	20,982,359
Budget organizations	319,000	-
	60,095,573	60,200,774
Amounts due to customers	89,898,226	85,788,952
Held as security against letters of credit (Note 16)	679,969	979,840
Held as security against loans to customers	473,507	445,349
Held as security against guarantees and avals (Note 16)	362,577	446,921
Held as security against undrawn loan commitments (Note 16)	2,449	1,805

14. Eurobonds issued

	30 June 2017 (unaudited)		*31 December 2016*	
	Nominal value (thousand of USD)	*Carrying value*	*Nominal value (thousand of USD)*	*Carrying value*
April 2010 issue	500,000	13,233,736	500,000	13,786,149
October 2010 issue	250,000	6,616,868	250,000	6,893,074
January 2013 issue	500,000	13,511,116	500,000	14,069,268
April 2013 issue	100,000	2,702,223	100,000	2,813,854
Eurobonds issued		36,063,943		37,562,345

15. Equity

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

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

At the date of initial recognition the difference between the nominal and fair value of government bonds received as shareholder contribution was valued at UAH 635,104 thousand.

In March 2017 according to the Resolution of the Cabinet of Ministers of Ukraine No 123 dated 06 March 2017, the Bank's share capital was increased by UAH 4,700,001 thousand through the issue of 3,214,687 additional shares with the nominal value of UAH 1,462.04 each with 100 percent of these shares kept by the State. These shares were registered in April 2017.

(thousands of Ukrainian hryvnia, unless otherwise stated)

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

In January 2016, according to the Resolution of the Cabinet of Ministers of Ukraine No 33 dated 27 January 2016 the Bank’s share capital was increased by UAH 9,318,999 thousand through issue of 6,373,970 additional shares with nominal value of UAH 1,462.04 each with 100% of these shares kept by the State. In April 2016 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 indexed bonds with the nominal value of UAH 9,319,000 thousand with 10-year maturity and interest rate of 6% 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*
At 1 January 2017	1,021,863	(296,528)	725,335
Depreciation of revaluation reserve, net of tax	(4,531)	-	(4,531)
Net unrealised losses on available-for-sale investment securities	-	234,676	234,676
At 31 March 2017 *(unaudited)*	1,017,332	(61,852)	955,480
Depreciation of revaluation reserve, net of tax	(4,669)	-	(4,669)
Losses on investment securities available-for-sale reclassified to the interim condensed consolidated statement of profit and loss	-	44,482	44,482
Net unrealised losses on available-for-sale investment securities	-	(632,985)	(632,985)
At 30 June 2017 *(unaudited)*	1,012,663	(650,355)	362,308

	Property revaluation reserve	*Unrealised gains/(losses) on investment securities available for sale*	*Revaluation reserves*
At 1 January 2016	1,040,263	(375,440)	664,823
Depreciation of revaluation reserve, net of tax	(4,600)	-	(4,600)
Gains on investment securities available-for-sale reclassified to the interim condensed consolidated statement of profit and loss	-	(4,636)	(4,636)
Net unrealised gains on available-for-sale investment securities	-	(188,558)	(188,558)
At 31 March 2016 *(unaudited)*	1,035,663	(568,634)	467,029
Depreciation of revaluation reserve, net of tax	(4,599)	-	(4,599)
LossesIn on investment securities available-for-sale reclassified to the interim condensed consolidated statement of profit and loss	-	795	795
Net unrealised gains on available-for-sale investment securities	-	122,647	122,647
At 30 June 2016 *(unaudited)*	1,031,064	(445,192)	585,872

(thousands of Ukrainian hryvnia, unless otherwise stated)

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 investment securities available-for-sale

This reserve records changes in fair value of available-for-sale investments.

16. Commitments and contingent financial liabilities

Commitments and contingent financial liabilities comprise:

	30 June 2017 (unaudited)	*31 December 2016*
Guarantees	2,809,170	3,748,869
Letters of credit	697,075	1,115,770
Avals on promissory notes	300,163	117,620
Undrawn loan commitments	296,277	273,651
	4,102,685	5,255,910
Less – Provisions (Notes 10)	(4,074)	(5,137)
Financial commitments and contingencies (before deducting collateral)	4,098,611	5,250,773
Less – cash held as security against letters of credit, avals and guarantees, and undrawn loan commitments (Notes 12, 13)	(1,044,995)	(1,453,094)
Financial commitments and contingencies	3,053,616	3,797,679

17. Net commission income

Net commission income comprises:

	2017		*2016*	
	For three months ended 30 June	*For six months ended 30 June*	*For three months ended 30 June*	*For six months ended 30 June*
	(unaudited)			
Commission income				
Cash and settlement service	156,966	304,676	148,431	279,343
Guarantees and letters of credit	30,857	64,207	68,672	181,253
Operations with banks	30,766	60,867	28,619	55,325
Credit servicing commission	2,385	3,880	2,825	5,766
Other	7,987	14,744	7,533	14,704
	228,961	448,374	256,080	536,391
Commission expense				
Cash and settlement service	(78,048)	(144,904)	(57,710)	(107,389)
Guarantees and letters of credit	(3,162)	(8,516)	(29,106)	(79,756)
Currency conversion	(456)	(1,351)	(448)	(1,058)
Other	(1,486)	(2,796)	(1,026)	(1,929)
	(83,152)	(157,567)	(88,290)	(190,132)
Net commission income	145,809	290,807	167,790	346,259

(thousands of Ukrainian hryvnia, unless otherwise stated)

18. Personnel and other operating expenses

Personnel and other operating expenses comprise:

	2017		2016	
	For three months ended 30 June	*For six months ended 30 June*	*For three months ended 30 June*	*For six months ended 30 June*
	(unaudited)			
Salaries and bonuses	190,546	329,657	166,320	305,533
Charges on payroll	37,201	68,789	32,273	63,444
Personnel expenses	227,747	398,446	198,593	368,977
Payables to the Individual Deposit Guarantee Fund	57,826	111,444	55,456	112,939
Repair and maintenance of fixed assets	28,158	47,596	22,318	45,717
Operating taxes	10,019	23,926	18,432	33,609
Maintenance of premises	6,614	19,484	5,930	16,873
Expenses for cash collection	13,743	19,154	5,672	11,002
Security	8,254	18,611	8,558	15,685
Electronic and data processing expenses	8,642	12,936	6,192	12,635
Rent of premises	4,590	10,604	6,702	13,928
Legal and advisory services	9,022	9,763	3,429	15,778
Household expenses	3,707	9,026	4,009	8,731
Communication services	2,658	5,861	3,142	6,167
Marketing and advertising	2,699	3,242	1,561	2,950
Business travel and related expenses	1,512	2,271	2,130	3,622
Representative offices expenses	941	1,679	1,153	2,540
Other	3,604	10,750	5,626	11,326
Other operating expenses	161,989	306,347	150,310	313,502

Expenses for payment to the non-state pension fund for 6 months ended 30 June 2017 comprised UAH 5,627 thousand (30 June 2016: UAH 5,206 thousand).

19. Fair value of assets and liabilities

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

Set out below is a comparison by class of the carrying amounts and fair values of the Bank's financial instruments that are not carried at fair value in the interim condensed consolidated statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

	30 June 2017 (unaudited)			31 December 2016		
	Carrying value	*Fair value*	*Unrecognised gain / (loss)*	*Carrying value*	*Fair value*	*Unrecognised gain / (loss)*
Financial assets						
Cash and cash equivalents	30,283,049	30,283,049	-	21,378,517	21,378,517	-
Amounts due from credit institutions	969,371	969,371	-	1,422,909	1,422,909	-
Loans to customers	56,846,712	57,211,754	365,042	58,469,531	58,414,201	(55,330)
Securities held to maturity	117,827	118,681	854	139,098	142,295	3,197
Other assets	460,071	460,071	-	355,715	355,715	-
Financial liabilities						
Amounts due to credit institutions	24,733,778	24,733,778	-	27,931,388	27,931,388	-
Amounts due to customers	89,754,660	89,704,338	50,322	85,622,585	85,592,252	30,333
Eurobonds issued	36,063,943	37,745,888	(1,681,945)	37,562,345	37,014,419	547,926
Subordinated debt	3,358,483	3,224,954	133,529	3,495,895	2,961,457	534,438
Other liabilities	55,640	55,640	-	46,853	46,853	-
Total unrecognized change in unrealized fair value			(1,132,198)			1,060,564

(thousands of Ukrainian hryvnia, unless otherwise stated)

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

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or having a short term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, savings accounts without a specific maturity and variable rate financial instruments.

Fixed rate financial instruments

The fair values of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates at the date when they were first recognised with current market rates offered for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity. For listed debt issued the fair values are calculated based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

Fair value of financial assets and liabilities carried at fair value

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

- Level 1: for financial instruments whose fair values are measured using quoted market prices 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 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 30 June 2017 (unaudited)	*Level 2*	*Level 3*	*Total*
Current accounts with other credit institutions in precious metals	110,370	-	110,370
Investment securities at fair value through profit or loss	27,213,686	-	27,213,686
Available-for-sale investment securities	46,328,698	16,374	46,345,072
Total assets	73,652,754	16,374	73,669,128
Amounts due to customers in precious metals	143,566	-	143,566
Total liabilities	143,566	-	143,566

(thousands of Ukrainian hryvnia, unless otherwise stated)

	Fair value recurring measurements		
As 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 six months ended 30 June 2017, the Bank did not transfer any financial assets from one level of the fair value hierarchy to another level of the fair value hierarchy.

The Bank measures financial assets by discounting cash flows from these instruments using the rates determined on the bases on non-observable data.

Movements in level 3 assets measured at fair value

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

	At 1 January 2017	*Total gain recorded in interim condensed consolidated statement of profit and loss*	*As at 30 June 2017 (unaudited)*
Available-for-sale investment securities	11,690	4,684[a]	16,374
Total assets	11,690	4,684	16,374

	At 1 January 2016	*Total gain recorded in interim condensed consolidated statement of profit and loss*	*As at 30 June 2016 (unaudited)*
Available-for-sale investment securities	11,690	24[a]	11,714
Total assets	11,690	24	11,714

[a] for six months ended 30 June 2017 UAH 4,684 thousand of gain (impairment loss cancellation) is included in "Impairment losses on investment securities available-for-sale" (for six months ended 30 June 2016: UAH 24 thousand included in "Other income").

The table below shows the quantitative information as at 30 June 2017 about significant unobservable inputs used for the fair valuation of assets classified as those of the 3 level of the fair value hierarchy:

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

As 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 Risk factor	Corporate: 13.50% - 32.00% Corporate: 0 – 1.0

(thousands of Ukrainian hryvnia, unless otherwise stated)

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

	For six months 2017 (unaudited)	
	Unealised gains	*Total*
Total gains included in profit and loss for the period	4,684	4,684

	For six months 2016 (unaudited)	
	Unealised gains	*Total*
Total gains included in profit and loss for the period	24	24

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

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

20. Related party disclosures

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

Related parties may enter into transactions which unrelated parties might not. The terms and conditions of such transactions may differ from those between unrelated parties.

Transactions and balances with related parties comprise transactions with entities owned, both directly and indirectly, by Ukrainian government, and key management personnel.

The outstanding balances with key management personnel as at 30 June 2017 and 31 December 2016, and related income and expense for six months ended 30 June 2017 nd 30 June 2016 are as follows:

	30 June 2017 (unaudited)	*31 December 2016*
	Key management personnel	*Key management personnel*
Loans to customers, gross	229	401
Less: allowance for impairment	(25)	(269)
Loans to customers, net	204	132
Current accounts	4,327	4,399
Time deposits	6,830	5,511
Amounts due to customers	11,157	9,910
	(16)	(7)

	For six months ended 30 June	
	2017	*2016*
	(unaudited)	
	Key management personnel	*Key management personnel*
Interest income on loans	14	8
Interest expense on customers' deposits	(396)	(98)
Commission income	7	2
Translation differences	130	(956)

(thousands of Ukrainian hryvnia, unless otherwise stated)

The total remuneration and other benefits paid to key management personnel for six months ended 30 June 2017 is UAH 8,879 thousand (including UAH 116 thousand of payment to the non-state pension fund) (for six months ended 30 June 2016: UAH 10,089 thousand (including UAH 156 thousand of payment to the non-state pension fund)).

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

Balances with government-related entities which are individually significant in terms of the carrying amount as at 30 June 2017 (unaudited) are disclosed below:

Client	*Sector*	*Cash and cash equivalents*	*Loans to customers*	*Amounts due to customers*	*Amounts due to the NBU*	*Amounts due to credit institutions*	*Guarantees issued*
Client 1	State entities	-	-	2,461,133	-	-	-
Client 2	State entities	-	-	1,511,301	-	-	-
Client 3	Agriculture and food industry	-	-	27,589,253	-	-	-
Client 4	Extractive industry	-	9,991,940	-	-	-	-
Client 5	Extractive industry	-	-	2,898,491	-	-	-
Client 6	Finance	10,190,987	-	-	732	-	-
Client 7	Power engineering	-	5,150,168	1,263,354	-	-	-
Client 8	Trade	-	-	1,168,511	-	-	760,824
Client 9	Trade	-	-	-	-	-	748,701
Client 10	Mechanical engineering	-	2,334,662	-	-	-	305,261
Client 11	Transport and communications	-	-	910,968	-	-	-
Other	-	-	656,589	6,986,161	-	262,432	-

Balances with government-related entities which are individually significant in terms of the carrying amount as at 31 December 2016 are disclosed below:

Client	*Sector*	*Cash and cash equivalents*	*Loans to customers*	*Amounts due to customers*	*Amounts due to the NBU*	*Amounts due to credit institutions*	*Guarantees issued*
Client 1	State enteties	-	-	1,820,863	-	-	-
Client 2	State enteties	-	-	1,514,166	-	-	-
Client 3	Agriculture and food industry	-	-	27,358,937	-	-	-
Client 4	Extractive industry	-	10,581,585	-	-	-	-
Client 5	Extractive industry	-	1,173,526	-	-	-	-
Client 6	Finance	5,372,785	-	-	659	-	-
Client 12	Finance	-	-	-	-	364,134	-
Client 8	Trade	-	-	1,644,607	-		1,357,720
Client 9	Trade	-	-	-	-	-	847,445
Client 7	Power engineering	-	3,452,694	-	-	-	-
Client 10	Mechanical engineering	-	2,290,686	-	-	-	311,872
Other	-	-	-	7,376,726	-	-	-

For the six-month period ended 30 June 2017, the Bank recorded UAH 1,082,084 thousand (six months 2016: UAH 1,427,545 thousand) of interest income, including interest income from operations with the NBU deposit certificates with maturity up to 90 days – UAH 78,539 thousand (for the six month period 2016: 326,104) and UAH 885,237 thousand (six months 2016: UAH 1,270,175 thousand) of interest expenses from transactions with the government-related entities.

(thousands of Ukrainian hryvnia, unless otherwise stated)

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

	30 June 2017 (unaudited)	*31 December 2016*
Available-for-sale investment securities	46,343,863	48,192,169
Investment securities at fair value through profit or loss	27,213,686	24,064,110
Investment securities held to maturity	117,827	139,098

For the six-month period ended 30 June 2017, the Bank recorded UAH 2,438,284 thousand (for the six month period 2016: UAH 2,116,970 thousand) of interest income from transactions with government bonds, and UAH 170,831 thousand from transactions with other investment securities (for the six-month period 2016: UAH 231,548 thousand).

21. Capital adequacy

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

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

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

NBU capital adequacy ratio

In 2015 the NBU stress-tested 20 largest Ukrainian banks, including the Bank. Special requirements to minimum regulatory capital adequacy ratio of the stress-tested banks were introduced.

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

	30 June 2017 (unaudited)	*31 December 2016*
Main capital	7,517,561	3,908,734
Additional capital, calculated	3,893,214	4,589,478
Additional capital, included in calculation of total capital (limited to main capital)	3,893,214	3,908,734
Total capital	11,410,775	7,817,468
Risk weighted assets	67,020,247	79,030,619
Capital adequacy ratio	17.03%	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 provisions against highest quality credit operations, asset revaluation reserve, current profit, subordinated debt and retained earnings. For regulatory capital calculation purposes the qualifying Tier 2 capital amount is limited to 100% of Tier 1 capital.

(thousands of Ukrainian hryvnia, unless otherwise stated)

Capital adequacy ratio under Basel Capital Accord 1988

The Bank's capital adequacy ratios, computed in accordance with the Basel Capital Accord 1988 were as follows:

	30 June 2017 (unaudited)	*31 December 2016*
Tier 1 capital	13,096,355	4,634,931
Tier 2 capital, calculated	4,259,786	3,042,801
Tier 2 capital, included in calculation of total capital	4,259,786	3,042,801
Total capital	17,356,141	7,677,732
Risk weighted assets	73,276,484	79,994,257
Tier 1 capital adequacy ratio	17.9%	5.8%
Total capital adequacy ratio	23.7%	9.6%