

Norman Audit Auditing Firm Limited Liability Company

Certificate of Inclusion in the Auditing Firms and Auditors Register No. 1277 issued by virtue of Resolution No. 98 of the Auditors' Chamber of Ukraine dated January 26, 2001; extended till December 23, 2015 by Resolution No. 224/3 of the Auditors' Chamber of Ukraine dated December 23, 2010.

Certificate of Inclusion in the Register of Auditing Firms Entitled to Audit Banks No. 0000022 dated September 17, 2012, issued by virtue of Resolution No. 39 of the National Bank of Ukraine dated September 17, 2012; expiry date: September 17, 2017.

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AUDITOR'S OPINION (INDEPENDENT AUDITOR'S REPORT) ON THE OPINION WORDING AND PROVISION OF A REPORT ON THE FINANCIAL STATEMENTS OF IMEXBANK PUBLIC JOINT STOCK COMPANY

For the Members and the Management of IMEXBANK JSC and the National Bank of Ukraine

We have conducted an audit of the attached financial statements of IMEXBANK PUBLIC JOINT STOCK COMPANY (hereinafter referred to as "the Bank") including the Financial Standing Statement (Balance Sheet) of the Bank as of December 31, 2013, the Profit, Loss and Total Income Statement (Profit and Loss Statement), the Cash Flow Statement, the Equity Changes Statement (Equity Statement) for the year that ended on the said date, a summary of the material accounting policies, and other explanatory notes.

Management's Responsibility for the Financial Statements

The management is responsible for the preparation and a fair presentation of these financial statements in accordance with the International Financial Reporting Standards as well as for the internal control relevant to the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on the results of our audit. We conducted the audit in accordance with International Standards on Auditing. Those standards require that we comply with the relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control relevant to the business entity's preparation and a fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the business entity's internal control. The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate for expressing our opinion.

Opinion

In our opinion, the financial statements present fairly and reliably the financial position of IMEXBANK PUBLIC JOINT STOCK COMPANY as of December 31, 2013, its profits and losses and cash flow for the year then ended in accordance with the International Financial Reporting Standards.

Director of Norman Audit Auditing Firm LLC

Banks Auditor Certificate No. 0031 dated October 29, 2009
expiry date: January 1, 2015, Resolution No. 207/2 of the
Auditors' Chamber of Ukraine dated October 29, 2009

April 14, 2014

Norman Audit Auditing Firm LLC

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O.P. Zhuk

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INDEPENDENT AUDITOR'S REPORT

on the Disclosure of Information in Accordance with the Requirements of Decree No. 389 of the National Bank of Ukraine dated September 9, 2003 as amended and extended

***For the Members and the Management of IMEXBANK JSC
and the National Bank of Ukraine***

1. Assignment and Representation

In accordance with Contract No. 05/07-13 that was made on July 5, 2013 by Norman Audit Auditing Firm LLC (Certificate of Inclusion in the Auditing Firms and Auditors Register No. 1277 issued by virtue of Resolution No. 98 of the Auditors' Chamber of Ukraine dated January 26, 2001; extended till December 23, 2015 by Resolution No. 224/3 of the Auditors' Chamber of Ukraine dated December 23, 2010; Certificate of Inclusion in the Register of Auditing Firms Entitled to Audit Banks No. 0000022 dated September 17, 2012, issued by virtue of Resolution No. 39 of the National Bank of Ukraine dated September 17, 2012; expiry date: September 17, 2017) and IMEXBANK JSC (hereinafter referred to as "the Bank"), an audit of the Bank's annual financial statements for the period between January 1, 2013 and December 31, 2013 was conducted.

The scope of the audit is determined by the auditors in accordance with Article 69 of the Banks and Banking Law of Ukraine and Paragraph 3.3 of the Regulations Concerning the Procedure of Banks' Submission of Auditor's Reports Based on the Results of the Annual Audit of Financial Statements to the National Bank of Ukraine approved by Decree No. 389 of the Board of the National Bank of Ukraine dated September 9, 2003 as amended and extended (the wording of Decrees No. 341 and No. 16 of the Board of the National Bank of Ukraine dated September 21, 2011 and January 18, 2013 respectively)

The purpose of our work was to obtain the evidence concerning:

- the correspondence (reliable representation) of the distribution of the Bank's assets and liabilities by their maturity in the statistical assets and liabilities maturity structure statements drawn up by the Bank for submitting to the National Bank, as of January 1 of the year following the accounting one;
- the Bank's assets and liabilities management;
- the sufficiency of the Bank's reserves and capital which sufficiency shall be determined on the basis of the analysis of the Bank's assets quality as well as the insiders/related parties transactions pursuant to the requirements of the regulatory acts of the National Bank of Ukraine including those concerning the banking regulation and the assessment of the risks relating to the formation and use of reserves for covering possible losses caused by active banking transactions;
- the Bank's risks management system adequacy; and
- the Bank's accounting, internal audit procedures, and control measures adequacy.

The materiality principle was applied for the purpose of the auditor's opinion formation which principle is determined depending on the influence of the said aspects on the financial information users' decision-making.

The source of the information used in this Report is the Bank's accounting policies and the data specified in the Bank's annual financial statements for 2013. The audit is planned and

conducted by testing the balance on an account or transactions class and applying the audit sampling.

This Report is intended for the information and use by the Bank's Management and the National Bank of Ukraine and cannot be used by any other party. When reviewing this Report, one should take into account the limited nature of the procedures relating to the assessment of the matters connected with the Bank's activities and the organization of the accounting and the internal control.

In addition, one should take into account the fact that the criteria of the estimation of the said matters connected with the Bank's activities and the organization of the accounting system may be different from the criteria applied by the National Bank of Ukraine.

2. Procedures and Conclusions

2.1. The compliance of the drawing up of the Bank's financial statements for 2013 with the requirements of Decree No. 373 of the Board of the National Bank of Ukraine dated October 24, 2011 "Approval of the Instruction Concerning the Procedure of Drawing up and Publication of Banks' Financial Statements in Ukraine" as amended and extended.

Procedures. During the audit, we covered all the material aspects of the Bank's activities.

Please note that the financial statements were prepared in accordance with the Banks and Banking Law of Ukraine and the Accounting and Financial Reporting Law in Ukraine Law of Ukraine and are based on the main requirements concerning the information disclosure in financial statements in accordance with the International Financial Reporting Standards and the regulatory acts of the National Bank of Ukraine.

The financial statements are drawn up on the basis of actual transactions conducted in the past period as adjusted to substantiate the recognition of the financial assets and liabilities at their fair value. The said estimates are based on the information that was available as at the date of drawing up the financial statements. The transactions conducted by the Bank are recorded in the accounting on the day on which rights or liabilities arise. Foreign currency transactions are represented in the financial statements in the Ukrainian national currency as per the official exchange rate fixed by the National Bank of Ukraine as of the date of the statements.

A sample audit covers all the material items of the Balance Sheet and allows drawing a conclusion concerning the absence of any material drawbacks as may affect the Bank's financial performance and reporting.

Conclusion: *The financial statements are prepared in accordance with the IFRS and the Bank has duly disclosed the general information on its activities and the main accounting and financial reporting principles as well as the banking conditions in the notes to the financial statements. The annual financial statements present the Bank's performance and its property and financial position in all material aspects. The Bank observes the financial discipline when conducting statutory transactions and has the relevant source of funds for a timely discharge of liabilities and the development of the Bank.*

2.2. Correspondence (reliable presentation) of the amount of the Bank's assets and liabilities by their maturity

Procedures. The statistical reporting drawing up requirements and the algorithm of drawing up Form No. 631 "Assets and Liabilities Maturity Structure Statement" approved by Decree No. 124 of the Board of the National Bank of Ukraine dated March 19, 2003 and registered with the Ministry of Justice of Ukraine on May 7, 2003 under No. 353/7674 (as amended), underlie the criteria of disclosing the information on the correspondence of the amount of the Bank's assets and liabilities by their maturity.

As of the end of December 31, 2013, the total assets/liabilities amounted to UAH 11,027,606 thousand according to the Bank's Balance Sheet. The active transactions were financed at the expense of borrowed funds amounting to UAH 9,723,023 thousand and the equity in the amount of UAH 1,402,496 thousand; the subordinated debt amounted to UAH 103,909 thousand.

The amount of the highly liquid assets (money and its equivalents) was UAH 858,635 thousand or 7.79% of the Bank's total assets.

The Bank's resource positions (liquidity gaps) were calculated by means of the Bank's balance sheet assets and liabilities in accordance with their maturities as per agreements, contracts, and other documents by currencies; it is general in all the currencies.

The analysis of the Bank's liquidity rates as of December 31, 2013 has shown that as of the said date, the Bank was able to ensure a timely discharge of its monetary obligations due to the total balance between the terms and amounts of the placed assets maturity and the terms and amounts of discharge of the Bank's obligations as well as the terms and amounts of the other sources and funds use directions.

As of December 31, 2013, the Bank's liquidity rates were as follows: the immediate liquidity rate (R₄): 49.20% (the standard value is at least 20%); the current liquidity rate (R₅): 155.34% (the standard value is at least 40%); and the short-term liquidity (R₆): 132.92% (the standard value is at least 60%).

The assets and liabilities having such maturity as till called for, 2 to 7 days, 2 to 3 years and over 10 years had a negative liquidity gap which was mainly balanced by the following positive gap: 32 to 92 days, 549 (550) days to 2 years and 93 to 183 days.

The main means of measuring the market liquidity risk is the determination of the liquidity degree of different types of the Bank's assets and the calculation of the percentage borne by the high-liquidity assets to the Bank's total assets and the low-liquidity assets.

The main purpose of the liquidity risk management is to ensure the Bank's constant liquidity and solvency and the compliance with all the requirements of the regulations concerning them.

Conclusion: *a) the data specified in Form No. 631 "Assets and Liabilities Maturity Structure Statement" are evidence of the moderate balance by the maturity and the terms of placement of the Bank's assets and liabilities; the liquidity level is in need of improvement.*

b) the existing negative lack of correspondence between the assets and the liabilities is a moderate load on the liquidity status. The Bank needs to exercise a permanent control over the security of a certain part of the liquid assets in the general structure of the Balance Sheet.

2.3. Bank's assets and liabilities management quality

Procedures. The assets and liabilities management quality in the accounting year enabled the Bank to ensure the necessary liquidity level which is evidenced by the Bank's compliance with the relevant rates.

The daily management of the assets and liabilities is exercised by the Treasury Transactions Department. The Treasury Transactions Department is responsible for monitoring the Bank's assets and liabilities and analyzing the liquidity and interest rates sensitivity on the basis of the instructions and guidelines of the Risk Management Office. The Treasury Transactions Department is responsible for the operating aspects of the assets and liabilities management.

As of December 31, 2013, the Bank's liquidity rates were met: the immediate liquidity rate (R₄): 49.20% (the standard value is at least 20%); the current liquidity rate (R₅): 155.34% (the standard value is at least 40%).

The Bank's assets that existed as of the end of December 31, 2013 are presented in Table 1:

Table 1

| Item of Assets | Amount, UAH, thousand |
|--|------------------------------|
| Money and its equivalents | 812,703 |
| Bank's compulsory reserves with the National Bank of Ukraine | 45,932 |
| Funds with other banks | 408,215 |
| Credits and debts of clients | 9,314,808 |
| Securities held by the Bank for sale | 10 |
| Current income tax receivables | 1,515 |
| Fixed assets and intangibles | 389,984 |
| Other financial assets | 27,798 |

| | |
|---------------------|-------------------|
| Other assets | 26,641 |
| Total assets | 11,027,606 |

The total amount of the Bank's assets increased by UAH 1,928,131 thousand (17.48%) in 2013. The general structure of the Bank's assets testifies to the Bank's prudent attitude towards the quality of its assets. Such attitude allows the Bank to manage them in an efficient manner and to attain a positive result in every active transaction. The assets management solved the problem of profitability, liquidity rates compliance, and control of the risks inherent in the Bank.

The disclosure of the information by the types of assets in the Bank's financial statements corresponds to the requirements of the National Bank of Ukraine, the IAS, and the IFRS.

the Bank's liabilities as of the end of December 31, 2013 are presented in Table 2:

Table 2

| Item of Liabilities | Amount, UAH, thousand |
|--------------------------------|------------------------------|
| Funds of banks | 3,103,360 |
| Funds of clients | 6,348,818 |
| Current income tax liabilities | 4,986 |
| Deferred tax liabilities | 1,050 |
| Other financial liabilities | 42,943 |
| Other liabilities | 20,044 |
| Subordinated debt | 103,909 |
| Total liabilities | 9,625,110 |

In 2013, the amount of the liabilities increased by UAH 1,757,777 thousand (18.26%).

The disclosure of the information on the liabilities in the Bank's financial statements corresponds to the requirements of the National Bank of Ukraine, the IAS, and the IFRS.

The total amount of the incomes and expenses is confirmed by contracts, certificates, instructions, interest accrual sheets, debit memos, and payment orders issued by the Bank and the clients.

In the opinion of the Auditors, the results of the audit procedures aimed at the examining the reliability of the Bank's incomes and expenses recording in 2013 and the reliability of the Profit and Loss Statement for 2013 provide a reasonable basis for the auditor's opinion on the Bank's total net profit received in 2013 and amounting to UAH 20,354 thousand.

Conclusion: *a) we consider the quality of the Bank's assets and liabilities management to be satisfactory;*

b) the assets and liabilities management quality needs improvement.

2.4. Credit portfolio and securities portfolio quality and receivables status

Procedures. The criteria of disclosure of the information on the sufficiency of the Bank's reserves and capital are based on the analysis of the quality of the Bank's assets, namely the credit portfolio, the securities portfolio, and the receivables, made by virtue of the requirements of the Regulations Concerning the Procedure of Ukrainian Bank's Reserves Formation and Use for the Repayment of Possible Losses Caused by Active Banking Transactions approved by Decree No. 23 of the Board of the National Bank of Ukraine dated January 25, 2012.

Credit portfolio quality

Credits are represented in the Bank's Balance Sheet as the amount of the principal debt less the potential losses reserves. As of December 31, 2013, the credit portfolio (less the reserves) increased by UAH 1,348,701 thousand (14.48%) as compared with its amount as of December 31, 2012, and amounted to UAH 9,314,808 thousand.

The credits granted to business entities have the biggest share in the structure of the credit portfolio and amounted to UAH 9,901,311 thousand or 93.77%; the credits granted to individuals amounted to UAH 657,360 thousand or 6.23% (inclusive of the reserve).

As of December 31, 2013, the amount of the actually formed credit indebtedness reserve amounted to UAH 1,243,863 thousand which was equal to 13.35% of the total indebtedness under credit transactions (less the reserves).

According to the data provided by the Bank, the credit risk rates were as follows as of December 31, 2013:

- the rate of the maximum amount of the credit risk per one counteragent R_7 was 17.32% (the standard value is up to 25%);
- the considerable credit risk rate R_8 was 460.48% (the standard value is up to 800%);
- the rate of the maximum amount of credits, guarantees and sureties given to one insider R_9 was 1.23% (the standard value is up to 5%);
- the rate of the maximum total amount of credits, guarantees and sureties given to the insiders R_{10} was 1.30% (the standard value is up to 30%).

The additional amount of the credit indebtedness reserve charged during the audit amounted to UAH 160 thousand and was equal to 0.002% of the total credit portfolio (less the reserves) which was insignificant for the Bank's risks.

It is worth noting that taking into account the existing uncertainty concerning the possible cost of selling the mortgaged real estate, the quantitative estimate of the necessary additional amount of the credit risks reserve will depend on the applied suppositions concerning the behavior of the market real estate prices. Taking into account the information set forth above, we believe that the Bank may require the formation of additional reserves in order to reduce the credit risk.

Conclusion: *a) in general, the analysis of the information on the credit transactions provided by the Bank represents adequately the structure of the Bank's credit portfolio; the quality of the credit portfolio may be considered satisfactory. At the same time we note that the Bank needs to pay more attention to the monitoring of the financial position of legal entities, small business entities, and individuals during the whole term of a credit contract.*

b) the total credit risk inherent in the credit operations is moderate; the credit risk management quality needs improvement to the extent the monitoring of the borrowers' financial position is concerned.

Securities portfolio quality

As of December 31, 2013, the securities portfolio represented in the Bank's Balance Sheet amounted to UAH 10 thousand including:

- the Bank's securities held for sale: UAH 10 thousand.

The securities transactions conducted in the accounting year met the main assessment and accounting principles with prudence and prevalence of the essence of a transaction over the form.

No securities depreciation reserves were created.

Opinion: *a) the quality of the Bank's securities portfolio is satisfactory.*

b) the Bank's information represents the securities portfolio structure in an adequate manner.

Receivables status

A reserve amounting to UAH 3,581 thousand was formed pursuant to form No. 605.01 for the reimbursement for possible securities-related losses amounting to UAH 14,941 thousand.

The status and quality of the receivables bear no material risk for the Bank's financial position.

The receivables and the reserve formation are evaluated on a monthly basis and there are no comments with regard to them.

The Bank forms special and general reserves for covering possible asset-related losses including placed deposits, granted credits, receivables, accrued interest on credits both in the national and foreign currencies and for the Bank's off-balance obligations. The Bank uses the regulatory acts issued by the National Bank of Ukraine for classifying assets when calculating the reserves. The amount of the reserves formed reduces the book value of the relevant asset.

As of the accounting date, the Bank's formed reserves were sufficient in general and were sufficient for the repayment of the problem and bad debts if any.

Opinion: a) *We recognize the receivables status determined by the Bank in accordance with the standard requirements of the National Bank of Ukraine and the internal regulations as satisfactory;*

b) *the reserve intended for the repayment of the possible receivables-related losses was formed in a timely manner and in full.*

2.5. Sufficiency of the Bank's reserves and capital including the compliance of the Bank's capital formation, funds, and reserves with the requirements of the regulatory acts of the National Bank.

Procedures: The audit of the capital, reserves and funds sufficiency was conducted for their compliance with the requirements of the regulatory acts of the National Bank of Ukraine, the IAS, and the IFRS.

The Bank's equity as of the end of December 31, 2013 is represented in Table 3:

Table 3

| Item of Equity | Amount, UAH, thousand |
|--------------------------------------|------------------------------|
| Authorized capital | 1,290,000 |
| Retained earnings (uncovered losses) | 20,354 |
| Reserve and other funds of the Bank | 88,347 |
| Revaluation reserves | 3,795 |
| Total equity | 1,402,496 |

As of the end of December 31, 2013, the amount of the Bank's regulatory capital increased by UAH 193,747 (13.43%) as compared with December 31, 2012 and amounted to UAH 1,443,058 thousand. This amount is sufficient for the compliance with the regulatory and license-related requirements of the National Bank of Ukraine and for the performance of the existing scope of transactions.

The structure of the Bank's capital is well-balanced, and the capital consists of the main capital amounting to UAH 1,343,430 thousand and the additional contributed capital amounting to UAH 99,628 thousand.

In 2013, the Bank did not breach the regulatory capital adequacy level. As of December 31, 2013, the regulatory capital adequacy rate (R_2) was 13.81% while the standard value is at least 10%; the regulatory capital to total assets correlation rate (R_3) was 11.73% as of the end of the year while the standard value is at least 9%.

The profits were distributed and the amounts of the funds formed at the expense of the net profit corresponded to the Resolutions of the General Meeting of Shareholders of the Bank.

In 2013, the Bank's net profit amounted to UAH 20,354 thousand.

The reserve fund was formed by the Bank in accordance with the Articles of Association and the current legislation. The active transactions loss reserves were sufficient and covered possible losses.

As a result of the analysis of the Bank's capital, we have detected no facts evidencing the Bank's failure to comply with the reserves and funds formation procedure as per the requirements of the regulatory acts of the National Bank.

The capital structure that existed as of the end of the accounting year did not have signs of a threat to the financial strength, and its absolute amount corresponded to the regulatory requirements concerning the amount thereof.

The disclosure of the information on the equity and the net profit in the Bank's financial statements met the requirements of the National Bank of Ukraine and the National Accounting Regulations (Standards).

Conclusion: a) *the reserves formation principles and the regulatory capital correspond to the regulatory requirements of the National Bank;*

b) the Bank's reserves are sufficient and its capital is adequate.

2.6. Assessment of the risk of the banking transactions and insiders/related parties transactions

Procedures. In general, the Bank's risk management systems are adequate. It has been established that the Bank managed risks in accordance with the methodological recommendations of the National Bank of Ukraine and the internal separate risks management regulations and in accordance with the procedure determined in the internal risk assessment methods, namely:

- detection of risk i.e. the recognition and understanding of existing risks and risks which may arise in connection with new business initiatives;
- risk management. The financial risk management systems provide for the assessment of individual transactions and portfolios;
- risk control. Control-related restrictions are an efficient management instrument; they are adjusted in case of change of conditions or the level of tolerance to a risk;
- risk monitoring. Risks are monitored for ensuring a timely tracking of risk levels and exceptions from some rules or other.

The Bank's material risks are the liquidity risk, the credit risk, the currency risk, the operating risk, etc.

The said risks are managed as follows:

The liquidity risk arises when financing activities and managing positions. The said risk includes both the risk of impossibility to finance assets within determined terms and at the determined rates, and the risk of impossibility to liquidate an asset at an acceptable price and within the relevant time. The Bank has access to various financing sources. The financing base consists of various instruments including deposits and shareholders' contributions. It contributes to the variety of the financing methods, excludes the dependence upon any one financing source and reduces as a rule the value of funds. The Management tries to maintain the balance between the continuous financing and the variety thereof by means of obligations having different dates of maturity. The Management is constantly assessing the liquidity risk by monitoring changes in the financing necessary for attaining the business purposes determined in the general strategy.

The credit risk management system is at a satisfactory level. Among the main credit risk management instruments applied by the Bank, one may note the use of special analytical methods aimed at an unbiased assessment of the financial position and reliability of potential borrowers as well as the application of limits and rates depending on the types of active transactions, counteragents and financial instruments. The Gap-analysis method allowing establishing and tracing the limits on the amount of the gap between assets and liabilities on the basis of the placement and obtaining terms will underlie the long-term liquidity management. A "payment calendar" system is used when managing the short-term liquidity which enables one to adjust the general liquidity maintenance strategy in the short-term prospects.

We would like to note that the credit risks monitoring level always requires improvement to the extent the assessment of the borrower's financial position, the security level and type, and external factors is concerned.

Currency risk. The Bank has assets and liabilities denominated in several foreign currencies. The currency risk arises if the foreign currency assets as cannot actually be forecast exceed or are less than the liabilities denominated in the same currency. The Bank fixes limits and exercises a constant currency position monitoring in accordance with the requirements of the National Bank of Ukraine and the internal methods.

The operating risk is minimized by improving and ensuring an uninterrupted operation of the information system, creating the information duplication and restoration process as well standby systems in case of destruction of critical information or technologies. The operating risk reduction measures provide for the organization of personnel training and advanced training, an appropriate distribution of the functions relating to the execution and further performance of contracts; a double control and an additional verification in agreements and payments: amounts, currencies, payment dates, etc.

In 2013, *the insiders and related parties transactions* were mainly conducted on usual conditions and had no significant influence on the financial results of the Bank.

The Bank controls restrictions on the amounts of related parties agreements fixed by the National Bank of Ukraine in accordance with the current legislation.

In accordance with the financial reporting and information provided by the Management, no credits were given to the insiders in 2013. As of the end of December 31, 2013, the balance relating to related parties transactions amounted to UAH 17,057 thousand i.e. 0.18% of the Bank's total credit portfolio (UAH 9,314,808 thousand).

The main related parties transactions were as follows: credit and deposit transactions and payment and cash services. The active related parties transactions limits were fixed by the Bank in accordance with the regulatory requirements of the National Bank of Ukraine: dated December 31, 2013 the rate of the maximum amount of credits, guarantees and sureties given to one insider R_9 was actually 1.23% (the standard value is up to 5%) and the rate of the maximum total amount of credits, guarantees and sureties given to the insiders R_{10} was actually 1.30% (the standard value is up to 30%).

When calculating credit risk rates relating to two or more counteragents, the Bank considered them to be one counteragent bearing a joint economic risk (a concentration credit risk) subject to certain conditions in accordance with the requirements of the National Bank of Ukraine.

Conclusion. *a) the reserves and the regulatory capital formation meets the regulatory requirements of the National Bank of Ukraine; the reserves formed are sufficient for the reimbursement of possible losses caused by active banking transactions.*

b) the Bank's risks assessment and management system covers all the procedures and risks inherent in the bank; it is sufficient in general however it requires a constant improvement.

2.7 Adequacy of the Bank's accounting, internal audit procedures and control measures.

Procedures. The Bank complies with the requirements of the current Ukrainian legislation, the regulatory acts of the National Bank of Ukraine, the requirements of the IFRS and the IAC concerning accounting and financial statements. The organizational structure of the accounting units corresponds to the Bank's general organizational structure. The accounting system and the information support are adequate for taking reasonable managerial decisions.

Accounting adequacy

The procedure of keeping records of the transactions conducted by the Bank is established by the Bank's accounting policies. The Bank's accounting policies are an internal standard document determining the accounting purposes, principles and organization in accordance with the current Ukrainian legislation.

The Bank's accounting policies disclose the accounting control procedure matters. We would like to note that the Bank exercises control and has determined the primary and further control procedures, the logical and arithmetical control of the statements reliability.

In general, the accounting ensures a rather detailed disclosure of account which enables one to analyze any deviations and the provision of true comparative information on the assets, liabilities, financial position and performance of the Bank.

In the course of the audit, the auditors did not detect any concealment, collusion, forgery, intentional failure to present transactions in the accounting (being fraudulent acts), therefore the auditors may consider the information, records and documents provided to be true.

However due to certain professional skepticism, the auditors believe that circumstances giving rise to the matters concerning fraud and errors may arise after the audit.

For limiting the risk relating to the banking transactions, the Bank has determined and established a list of the transactions requiring an additional control; it especially applies to the documents concerning the expenses relating to the Bank's internal transactions forming the Bank's financial performance.

The development and implementation of the effective interest rate application methods for determining the amortized financial instruments cost requires further improvement.

The Internal Audit Office of the Bank (hereinafter referred to as "the IAO") engages in its activities in accordance with the requirements of Article 45 of the Banks and Banking Law of Ukraine and the Ukrainian Banks' Internal Audit Organization Regulations approved by Decree No. 114 of the Board of the National Bank of Ukraine dated March 20, 1998 as amended and extended.

The IAO is an operating control body of the Bank's Supervisory Board and is subordinate and reports to this authority on the basis of the regulations approved by the Supervisory Board. The Supervisory Board is constantly informed of the Bank's state of affairs, and in case of necessity, the IAO reports on individual audits at the meetings thereof. Reports are drawn up on the basis of the results of the audits. If breaches and/or defects are detected in the course of the audits, appropriate recommendations are given; the audited units are required to give explanations. The said units develop measures to eliminate the breaches detected in the course of the audits in order to minimize risks.

In the accounting year, the IAO conducted 41 audits including 14 unplanned ones. Each audit was conducted in accordance with a program approved by the Management of the Bank. Both active and passive transactions of the Bank were liable to the audits. Special attention was paid to the assessment of the Bank's risks and the observance of the internal control procedures by the Bank's units.

The plan of audits for 2013 was fulfilled completely and the results of the audits were agreed on at a meeting of the Bank's Supervisory Board.

Final documents (audit reports) were drawn up based on the results of the audits and considered by the Bank's Supervisory Board and at the meetings of the Bank's Management, and the fulfillment of recommendations and the elimination of the detected defects were controlled. By a resolution of the Bank's Management, the heads of the Bank's units were charged with the elimination of the detected errors and defects, and the Internal Audit Service was charged with the control.

The Bank's internal control was aimed at the efficiency of the business activities, the ensuring of the assets safety, the prevention of fraud and errors and the detection thereof, the accuracy and completeness of the accounting records, and a timely preparation of true financial statements.

The Bank has developed Bank's Units Regulations and the necessary instructions for the officials and created an information safety system of the Bank. Certain rules of users' access to the Bank's database and the performance of transactions in the Bank's software system were established.

The Bank has a subsequent control system in place, which control consists in the examination of the performed transactions for checking them for the compliance with instructional materials, instructions, and the regulatory acts provided for by the current legislation.

Conclusion: *a) the Bank's accounting meets the requirements of the regulatory acts of the National Bank of Ukraine and ensures the appropriate level of adequacy to the internal provisions;*
b) the internal control and audit procedures meet the regulatory acts of the National Bank of Ukraine and ensure an adequate control of the Bank's risks, etc.

Events after the date of the Balance Sheet

In connection with the unforeseen political and economic situation in the Autonomous Republic of Crimea where 48 divisions of IMEXBANK JSC operated, reserves in the amount of UAH 2,781 thousand were additionally formed as of April 1, 2014 in order to prevent the risks connected with the credit operations relating to the credits granted to legal entities and individuals in the Autonomous Republic of Crimea.

The audit of the truth of the financial statements of IMEXBANK PUBLIC JOINT STOCK COMPANY for 2013 was conducted in accordance with the Banks and Banking Law of Ukraine, the Accounting and Financial Reporting in Ukraine Law of Ukraine, the Auditing Law of Ukraine,

the International Financial Reporting Standards, the International Accounting Standards, and other legislative and regulatory acts of Ukraine.

Director of Norman Audit Auditing Firm LLC

Banks Auditor Certificate No. 0031 dated October 29, 2009
expiry date: January 1, 2015, Resolution No. 207/2 of the
Auditors' Chamber of Ukraine dated October 29, 2009



O.P. Zhuk

April 14, 2014

Norman Audit Auditing Firm LLC

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IMEXBANK JSC

**Statement of Financial Standing (Balance Sheet)
as of the end of December 31, 2013**

(UAH, thousand)

| Item | Notes | 2013 | 2012 |
|--|-------|-------------------|------------------|
| 1 | 2 | 3 | 4 |
| ASSETS | | | |
| Money and its equivalents | 6 | 812,703 | 637,089 |
| Compulsory reserves with the National Bank of Ukraine | | 45,932 | 32,146 |
| Securities held for trade | 7 | 0 | 0 |
| Other financial assets measured at fair value through profit or loss | 8 | 0 | 0 |
| Funds with other banks | 9 | 408,215 | 22,056 |
| Credits and debts of clients | 10 | 9,314,808 | 7,966,107 |
| Securities of the Bank held for sale | 11 | 10 | 10 |
| Securities of the Bank held till maturity | 12 | 0 | 0 |
| Investments in associated/associated and subsidiary companies | 13 | 0 | 0 |
| Real estate held for investment-related purposes | 14 | 0 | 0 |
| Current income tax receivables | | 1,515 | 220 |
| Deferred tax assets | | 0 | 0 |
| Goodwill | 15 | 0 | 0 |
| Fixed assets and intangibles | 16 | 389,984 | 394,369 |
| Other financial assets | 17 | 27,798 | 27,850 |
| Other assets | 18 | 26,641 | 19,628 |
| Non-current assets held for sale and retirement group assets | 19 | 0 | 0 |
| Total assets | | 11,027,606 | 9,099,475 |
| LIABILITIES | | | |
| Funds of banks | 20 | 3,103,360 | 2,967,148 |
| Funds of clients | 21 | 6,348,818 | 4,753,626 |
| Debt securities issued by the Bank | 22 | 0 | 0 |
| Other borrowed funds | 23 | 0 | 0 |
| Current income tax liabilities | | 4,986 | 180 |
| Deferred tax liabilities | | 1,050 | 100 |
| Reserves for liabilities | 24 | 0 | 0 |
| Other financial liabilities | 25 | 42,943 | 35,895 |
| Other liabilities | 26 | 20,044 | 6,475 |
| Subordinated debt | 27 | 103,909 | 103,909 |
| Retirement group liabilities | 19 | 0 | 0 |
| Total liabilities | | 9,625,110 | 7,867,333 |
| EQUITY | | | |
| Authorized capital | 28 | 1,290,000 | 1,140,000 |
| Issue profit/loss | 28 | 0 | 0 |
| Unregistered contributions to the authorized capital | | 0 | 0 |
| Retained earnings (uncovered loss) | | 20,354 | 3,293 |

| | | | |
|-------------------------------------|----|------------|-----------|
| Bank's reserve and other funds | | 88,347 | 85,054 |
| Revaluation reserves | 29 | 3,795 | 3,795 |
| Uncontrolled share | | 0 | 0 |
| Total equity | | 1,402,496 | 1,232,142 |
| Total liabilities and equity | | 11,027,606 | 9,099,475 |

Approved for release and signed

February 14, 2014

Chairman of the Board

Y.I. Gramatyk

39-28-73 T.I. Lytvynenko _____
(name of the person who prepared the document
and telephone number)

Deputy Chairman of the Board

Chief Accountant

N.V. Vovchuk

Director, Norman Audit Auditing Firm LLC



O.P. Zhuk

IMEXBANK JSC

**Equity Changes (Equity) Statement
for 2013**

(UAH, thousand)

| Item | Notes | Owned by the Bank owners | | | | | Uncontrolled share | Total equity |
|--|-------|--------------------------|-------------------|--|-------------------|-----------|--------------------|--------------|
| | | authorized capital | issue profit/loss | reserve and other funds and revaluation reserves | retained earnings | total | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Balance as of the end of the period preceding the previous period (before recalculation) | | 990,000 | 0 | 72,385 | 16,464 | 1,078,849 | 0 | 1,078,849 |
| Influence of amendments to accounting policies, correction of mistakes and influence of transfer to new and/or revised standards and interpretations | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Adjusted balance | | 990,000 | 0 | 72,385 | 16,464 | 1,078,849 | 0 | 1,078,849 |

| | | | | | | | | |
|---|----|-----------|---|--------|----------|-----------|---|-----------|
| as of the beginning of the preceding period | | | | | | | | |
| Total income | | 0 | 0 | 16,464 | (13,171) | 3,293 | 0 | 3,293 |
| Share issue | 28 | 150,000 | 0 | 0 | 0 | 150,000 | 0 | 150,000 |
| par value | | 150,000 | 0 | 0 | 0 | 150,000 | 0 | 150,000 |
| share premium | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Treasury shares bought out from Shareholders: | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| purchase | 28 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| sale | 28 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| cancellation | 28 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Business consolidation | 48 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dividend | 37 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance as of the end of the preceding period | | 1,140,000 | 0 | 88,849 | 3,293 | 1,232,142 | 0 | 1,232,142 |
| Total income | | 0 | 0 | 3,293 | 17,061 | 20,354 | 0 | 20,354 |
| Share issue: | 28 | 150,000 | 0 | 0 | 0 | 150,000 | 0 | 150,000 |
| par value | | 150,000 | 0 | 0 | 0 | 150,000 | 0 | 150,000 |
| share premium | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Treasury shares bought out from Shareholders: | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | |
|--|----|-----------|---|--------|--------|-----------|---|-----------|
| purchase | 28 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| sale | 28 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| cancellation | 28 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Business consolidation | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dividend | 37 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance as of the end of the accounting period | | 1,290,000 | 0 | 92,142 | 20,354 | 1,402,496 | 0 | 1,402,496 |

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Chairman of the Board

Y.I. Gramatyk

39-28-73 T.I. Lytvynenko _____
(name of the person who prepared the document and telephone number)

Deputy Chairman of the Board

Chief Accountant

N.V. Vovchuk

Director, Norman Audit Auditing Firm LLC



O.P. Zhuk

IMEXBANK JSC

Profit and Loss and Other Total Income Statement for 2013

(UAH, thousand)

| Item | Notes | Accounting period | Previous period |
|--|------------|-------------------|-----------------|
| 1 | 2 | 3 | 4 |
| Interest incomes | 31 | 1,637,932 | 1,281,608 |
| Interest expenses | 31 | (1,114,835) | (731,769) |
| Net interest income/(net interest expenses) | | 523,097 | 549,839 |
| Commission incomes | 32 | 149,703 | 94,996 |
| Commission expenses | 32 | (7,419) | (7,662) |
| Profit/loss from transactions with the Bank's securities held for trade | | 0 | (1) |
| Profit/loss from fair value hedging transactions | 43 | 0 | 0 |
| Profit/loss from revaluation of other financial instruments measured at fair value with recognition of the profit/loss from revaluation through profit or losses | | 5,571 | 89,407 |
| Profit/loss from sale of the Bank's securities held for sale | 11 | 0 | 0 |
| Profit/loss from foreign currency transactions | | 14,880 | 43,257 |
| Profit/loss from foreign currency revaluation | | (2,145) | 5,802 |
| Profit/loss from revaluation real estate intended for investments | | 0 | 0 |
| Incomes/(expenses) arising as a result of financial assets primary recognition at the interest rate exceeding or being lower than the market one | 9, 10 | 0 | 0 |
| Expenses/(incomes) arising as a result of financial liabilities primary recognition at the interest rate exceeding or being lower than the market one | 20, 21, 23 | 0 | 0 |
| Deductions to the reserve for depreciation of credits and funds with other banks | 9, 10 | (124,577) | (574,595) |
| Deductions to the reserve for depreciation of receivables and other financial assets | 17, 18 | (3,341) | (81) |
| Depreciation of the Bank's securities held for sale | 11 | 0 | 0 |
| Depreciation of the Bank's securities held till maturity | 12 | 0 | 0 |
| Deduction to liabilities reserves | 24 | 0 | 0 |
| Other operating income | 33 | 4,513 | 3,830 |
| Administrative and other operating expenses | 34 | (533,729) | (201,222) |

| | | | |
|---|----|---------|-------|
| Interest in the profit/(loss) of associated companies | 13 | 0 | 0 |
| Profit/(loss) before tax | | 26,553 | 3,570 |
| Income tax expenses | 35 | (6,199) | (277) |
| Profit/(loss) from activities in progress | | 20,354 | 3,293 |
| Profit/(loss) from terminated activities after tax | 19 | 0 | 0 |
| Profit/(loss) for the year | | 20,354 | 3,293 |
| OTHER TOTAL INCOME: | | | |
| Revaluation of the Bank's securities held for sale | | 0 | 0 |
| Revaluation of fixed assets and intangibles | | 0 | 0 |
| Profit/loss from revaluation under cash flow hedging transactions | | 0 | 0 |
| Accrued exchange differences caused by conversion into the reporting currency | | 0 | 0 |
| Interest in other total profit of an associated company | | 0 | 0 |
| Income tax connected with other total income | 29 | 0 | 0 |
| Other total income after the annual tax | | 0 | 0 |
| Total income for the year | | 20,354 | 3,293 |
| | | | |
| Profit (loss) of: | | | |
| Bank owners | | 20,354 | 3,293 |
| Uncontrolled share | | 0 | 0 |
| | | | |
| Total income of: | | | |
| Bank owners | | 20,354 | 3,293 |
| Uncontrolled share | | 0 | 0 |
| | | | |
| Profit/(loss) per share from activities in progress: | 36 | | |
| net profit/(loss) per one ordinary share (UAH) | | 1.66 | 0.31 |
| adjusted net profit/(loss) per one ordinary share (UAH) | | 1.66 | 0.31 |
| | | | |
| Profit/(loss) per one share from terminated activities: | 36 | | |
| net profit/(loss) per one ordinary share (UAH) | | 0 | 0 |
| adjusted net profit/(loss) per one ordinary share (UAH) | | 0 | 0 |
| | | | |
| Profit/(loss) per one share held by the Bank | 36 | | |

| | | | |
|---|--|------|------|
| owners: | | | |
| net profit/(loss) per one ordinary share (UAH) | | 1.66 | 0.31 |
| adjusted net profit/(loss) per one ordinary share (UAH) | | 1.66 | 0.31 |

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Y.I. Gramatyk

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Deputy Chairman of the Board

Chief Accountant

N.V. Vovchuk

Director, Norman Audit Auditing Firm LLC



O.P. Zhuk

IMEXBANK JSC

Cash Flow Statement (indirect method) for 2013

(UAH, thousand)

| Item | Notes | Accounting period | Previous period |
|--|-------|----------------------|-----------------|
| 1 | 2 | 3 | 4 |
| FUNDS FROM OPERATING ACTIVITIES | | | |
| Profit/loss before tax | | 26,553 | 3,570 |
| Adjustment: | | | |
| Tear and wear and amortization | | 20,495 | 19,506 |
| Net increase/(decrease) in assets depreciation reserves | | (79,861) | 575,932 |
| Discount/(premium) amortization | | 128 | 0 |
| Profit/loss from securities held for trade | | 0 | (1) |
| Profit/loss from financial derivative transactions | | 5,570 | 89,407 |
| Profit/loss from foreign currency transactions | | 12,735 | 49,059 |
| (Incomes accrued) | | (37,884) | (15,491) |
| Expenses charged | | 35,897 | 40,480 |
| Net loss/(profit) from investment activities | | (34) | (195) |
| Net loss/(profit) from financial activities | | 5,195 | 5,219 |
| Other non-monetary cash flow | | 62,673 | 43,636 |
| Net monetary profit/(loss) from operating activities before changes in operating assets and liabilities | | 51,467 | 811,122 |
| Changes in operating assets and liabilities | | | |
| Net (increase)/decrease in obligatory reserves with the National Bank of Ukraine | | (13,786) | (11,004) |
| Net (increase)/decrease in securities held for trade | | 0 | 0 |
| Net (increase)/decrease in other financial assets measured at fair value with recognition of the revaluation result through profit or loss | | 17,620 | (17,620) |
| Net (increase)/decrease in funds with other banks | | (386,159) | 273,630 |
| Net (increase)/decrease in credits and clients' debts | | (1,348,701) | (1,810,343) |
| Net (increase)/decrease in other financial assets | | (17,568) | 3,876 |
| Net (increase)/decrease in other assets | | (7,013) | (8,122) |

| | | | |
|---|--------|-----------|-----------|
| Net increase/(decrease) in banks' funds | | 136,212 | (281,856) |
| Net increase/(decrease) in clients' funds | | 1,595,192 | 1,114,742 |
| Net increase/(decrease) in debt securities issued by the bank | | 0 | (5) |
| Net increase/(decrease) in liabilities reserves | | 13,569 | 4,143 |
| Net increase/(decrease) in other financial liabilities | | 7,048 | 17,559 |
| Net funds received from /(used for) operating activities before income tax | | 47,881 | 96,122 |
| Income tax paid | | (6,199) | (277) |
| Net funds received from /(used for) operating activities | | 41,682 | 95,845 |
| FUNDS FROM INVESTMENT ACTIVITIES | | | |
| Purchase of the Bank's securities held for sale | 9, 17 | 0 | 0 |
| Proceeds from sale of the Bank's securities held for sale | 9, 17 | 0 | 0 |
| Purchase of the Bank's securities till maturity | 10 | 0 | 0 |
| Proceeds from redemption of the Bank's securities till maturity | 10 | 0 | 0 |
| Purchase of subsidiaries less received funds | 44 | 0 | 0 |
| Proceeds from sale of a subsidiary less paid funds | 17 | 0 | 0 |
| Purchase of associated companies | 11 | 0 | 0 |
| Proceeds from sale of associated companies | 11, 17 | 0 | 0 |
| Purchase of real estate intended for investment | 12 | 0 | 0 |
| Proceeds from sale of real estate intended for investment | 12, 17 | 0 | 0 |
| Purchase of fixed assets | 14 | (20,178) | (17,429) |
| Proceeds from sale of fixed assets | 14, 17 | 4,504 | 2,920 |
| Purchase of intangibles | 14 | (394) | (1,272) |
| Proceeds from retirement of intangibles | 14, 17 | 0 | 0 |
| Dividend received | | 0 | 0 |
| Net funds received from /(used for) investment activities | | (16,068) | (15,781) |
| FUNDS FROM FINANCIAL ACTIVITIES | | | |
| Ordinary shares issue | 26 | 150,000 | 150,000 |
| Preferred shares issue | 26 | 0 | 0 |
| Other contributions of shareholders except shares issue | 26, 27 | 0 | 0 |
| Buy-out of treasury shares | 26 | 0 | 0 |
| Sale of treasury shares | 26 | 0 | 0 |

| | | | |
|---|--------|---------|---------|
| Receipt of subordinated debt | 25 | 0 | 42 |
| Repayment of subordinated debt | 25 | 0 | 0 |
| Receipt of other borrowed funds | 21 | 0 | 0 |
| Return of other borrowed funds | 21 | 0 | (1,131) |
| Additional contributions to subsidiary company | 44 | 0 | 0 |
| Proceeds from sale of participating interests without loss of control | 17 | 0 | 0 |
| Dividend paid | 35 | 0 | 0 |
| Other payments to shareholders except dividends | 26, 27 | 0 | 0 |
| Net funds received from /(used for) financial activities | | 150,000 | 148,911 |
| Influence of changes in the official exchange rate on cash and its equivalents | | 0 | 0 |
| Net increase/(decrease) in cash and its equivalents | | 175,614 | 228,975 |
| Cash and its equivalents as of the beginning of the period | | 637,089 | 408,114 |
| Cash and its equivalents as of the end of the period | 6 | 812,703 | 637,089 |

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