Translated from Ukrainian into English

JOINT-STOCK COMPANY MOTOR-BANK

Financial Reporting

for the year ended December 31, 2018
with the Independent Auditor's Report

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Crowe

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INDEPENDENT AUDITOR'S REPORT

For the Shareholders and Supervisory Board of JSC MOTOR-BANK

Financial Audit Report

Opinion

We conducted an audit of the financial reporting of JSC MOTOR-BANK (hereinafter referred to as the Bank), consisting of the Statement of Financial Position as of December 31, 2018, the Statement of Profit and Loss and other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows (using the direct method) for the year then ended and notes to the financial reporting, including a concise statement of significant accounting policies.

In our opinion, the accompanying financial reporting accurately reflect in all material respects the financial position of the Bank as of December 31, 2018, its financial results and cash flows for the year then ended, in accordance with the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" and International Financial Reporting Standards (IFRS).

The basis for the opinion

We conducted our audit in accordance with International Standards on Auditing (ISA).

Our responsibility under these standards is set out in the Auditor's Responsibility for the Audit of Financial Reporting section of our report. We are independent of the Bank in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements applicable in Ukraine for our financial reporting audit, and we have fulfilled other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Explanatory paragraph

We draw attention to Note 2 to the financial reporting "The economic environment in which the bank operates", which describes the operating environment in Ukraine. The circumstances of the Note may continue to adversely affect the Bank's financial position and results of operations in such a way and to the extent that it cannot be determined at this time. Our opinion has not been modified on this issue.

Other issues

The audit of the Bank's financial reporting for the year ended December 31, 2017 was conducted by another auditor who, on April 18, 2018, expressed an unmodified opinion on these financial reporting.

Key audit issues

Key audit issues are matters that, in our professional judgment, were significant during our audit of the financial reporting for the current period. These issues have been considered in the context of our audit of the financial reporting as a whole and taken into account when forming an opinion on it; however, we do not express any opinion on these issues.

Impairment allowance for loans to customers

Estimating the amount of the provision for impairment of loans to customers is a key area of professional judgment of the Bank's management. Identifying impairment and determining the amount of expected consideration involves certain assumptions and analysis of various factors, including the borrower's financial position, expected future cash flows, and fair value.

The use of different assumptions may result in different estimates of the provision for impairment of customer loans. Given the materiality of customer loan balances and a certain level of judgment, we have determined the impairment allowance to be a key audit issue.

Our audit procedures have included an assessment of the methodology used by the Bank to determine whether there is an indication of impairment and an allowance for impairment, input data testing and assumptions analysis. For impairment losses on loans with individual indications of impairment, we have examined the underlying assumptions of the impairment and its quantification, including analysis of borrowers' financial performance, forecasts of future cash flows and collateral estimates. For collective impairment provisions for which no individual evidence of impairment has been identified, we have analyzed the Bank's models and verified the appropriateness and accuracy of the input data used in these models.

Other information

Management is responsible for other information. Other information received at the date of this auditor's report is the Management Report and the Corporate Governance Report. The other information we expect to receive after the date of this auditor's report is the Securities Issuer's Annual Information.

Our opinion on the financial reporting does not extend to other information and we do not conclude with any degree of certainty about that other information.

In connection with our financial statement audit, it is our responsibility to review the other information while considering whether there is a material inconsistency between the other information and the financial reporting or our knowledge obtained during the audit, or whether this information appears to be such that contains material misstatement or non-compliance with the legislation.

If, on the basis of our work on other information received before the date of the auditor's report, we conclude that there is a material misstatement or inconsistency with this other information; we are obliged to report it. We did not find any such facts that should have been included in the report.

When we familiarize ourselves with the Securities Issuer's Annual Information, if we conclude that it contains material misstatement, we will need to report the matter to those with the highest authority and the NSSMC (the National Securities and Stock Market Commission).

The responsibility of management and those with the highest authority for financial reporting

Management is responsible for the preparation and fair presentation of financial reporting in accordance with IFRSs and for such internal controls as management determines necessary to provide financial reporting that are free from material misstatement due to fraud or error.
In preparing the financial reporting, management is responsible for assessing the Bank's ability to continue on an ongoing basis, revealing, where applicable, issues related to business continuity and using the assumption of business continuity as a basis for accounting, unless management either plans to liquidate the Bank or terminate its operations, or has no other viable alternative to doing so.

The Supervisory Board is responsible for overseeing the Bank's financial reporting process.

The auditor's responsibility for the audit of the financial reporting

Our goals are to provide reasonable assurance that the financial reporting as a whole are free from material misstatement as a result of fraud or error, and to issue an auditor's report containing our opinion. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs will always reveal a material misstatement, if any. Misreporting can be the result of fraud or error; they are considered material if, singly or in combination, as reasonably expected, they can influence the economic decisions of users made on the basis of these financial reporting.

When auditing in accordance with ISA requirements, we use professional judgment and professional skepticism throughout the audit task. In addition, we:

- identify and evaluate the risks of material misstatement of the financial reporting, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and acceptable to use as a basis for our opinion. The risk of non-detection of material misstatement due to fraud is greater than that of misstatement as a result of fraud, as fraud may include collusion, forgery, intentional omissions, incorrect allegations or neglect of internal control measures;

JSC MOTOR-BANK
Financial Reporting for the year ended December 31, 2018

- profit an understanding of the internal controls involved in the audit to develop audit procedures that are appropriate to the circumstances and not to express an opinion on the effectiveness of the internal control system;
- assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude that management's assumption of continuity of operations as a basis for accounting and, on the basis of audit evidence obtained, conclude that there is a material uncertainty about events or conditions that would cast significant doubt on the bank's ability to continue as a going concern. If we conclude that such material uncertainty exists, we must draw attention in our auditor's report to the relevant disclosures in the financial reporting, or, if such disclosures are improper, to modify our opinion. Our conclusions are based on the audit evidence obtained before the date of our auditor's report. However, future events or conditions may force the bank to cease operations on a continuous basis.
- evaluate the overall presentation, structure and content of the financial reporting, including the disclosures, and whether the financial reporting and the underlying events present the financial reporting in such a way as to achieve fair presentation.

We inform those with the highest authority, information about the planned scope and timing of the audit, and material audit results, including any material deficiencies in internal control measures identified by us during the audit.

We also provide those with the highest authority to assert that we have fulfilled the relevant ethical requirements for independence, and inform them of any relationship and other issues that could reasonably be considered to be affecting our independence, as well as, where applicable, regarding the appropriate precautionary measures.

From the list of all matters that were provided to those with the highest authority, we identified those that were most relevant to the audit of the consolidated financial reporting of the current period, i.e. those that are key audit matters. We describe these issues in our auditor's report, unless a legislative or regulatory act prohibits the public disclosure of such an issue, or if in exceptional circumstances, we determine that such an issue should not be covered in our report as the negative effects of such coverage may be expected to outweigh its utility to the public interest.

Report on requirements of other legislative and regulatory acts

Law of Ukraine “On Audit of Financial Reporting and Auditing”

In accordance with the Law of Ukraine “On Audit of Financial Reporting and Auditing” auditors are required to provide additional information.

Basics of Audit Company

Name of the legal entity in accordance with the constituent documents	AC Crowe Ukraine LLC
Number and date of issue of the Certificate of entry in the Register of Audit Companies and Auditors, issued by the Audit Chamber of Ukraine (hereinafter - ACU)	The ACU Certificate of Inclusion in the Register of Audit Companies and Auditors No. 3681 dated October 29, 2015, valid until October 29, 2020 The registration number in the Register of Audit Companies and Auditors - 3681
Legal entity location and actual location	37 Spaska str., Kyiv, 04070

The Law of Ukraine “On Securities and Stock Market”

According to the Law of Ukraine “On Securities and Stock Market” the issuer is obliged to attract an auditor, who should express its opinion on the information, as well as verify the information regarding the components of the Corporate Governance Report.

In our opinion, the Corporate Governance Report adequately reflects information on:

- description of the main characteristics of the internal control and risk management systems of the issuer;
- the list of persons who directly or indirectly hold a significant shares of the issuer;
- limitation of the rights of participation and voting of shareholders at the general meeting of the issuer;
- procedure for appointment and dismissal of the issuer's officials;
- powers of the issuer's officials.

Other sections of the Corporate Governance Report have been audited by us and do not conflict with our audited financial reporting and our knowledge of the Bank during our audit.

The Law of Ukraine “On Banks and Banking”

In accordance with the Law of Ukraine "On Banks and Banking" and the requirements of the National Bank of Ukraine, set out in the Regulation on the procedure for submission by the bank to the National Bank of Ukraine of the auditor's report on the results of the annual audit of the financial reporting, the auditor must submit information (assessment) regarding:

- the correspondence (reliability of display) of data on the distribution of assets and liabilities of the bank by maturity to maturity in the file with the statistical reports A7X "Data on the structure of assets and liabilities by maturity", compiled by the bank for submission to the National Bank, as of January 1 of the year following the reporting year;
- the Bank's compliance with the requirements established by the NBU regulations on internal control issues;
- the Bank's compliance with the requirements established by the NBU regulatory acts on internal audit;
- the Bank's compliance with the requirements established by the NBU regulatory acts on determining the amount of credit risk on active banking operations;
- the Bank's compliance with the requirements established by the NBU regulatory acts on the recognition of persons related to the bank and transactions with them;

- the Bank's compliance with the requirements set by the NBU regulatory acts on the sufficiency of the bank's capital, which should be determined taking into account the quality of the bank's assets,
- the Bank's compliance with the requirements established by the NBU regulatory acts on transactions with related parties;
- the Bank's compliance with the requirements established by the NBU regulatory acts on accounting.

Responsibility of management staff

Management staff is responsible for:

- preparation of statistical reports on the structure of assets and liabilities by terms, compiled by the Bank for submission to the NBU;
- development, implementation and support of the accounting system in accordance with the requirements of the Law of Ukraine "On Banks and Banking" and the provisions of the NBU;
- development, implementation and support of the internal control system in accordance with the requirements of the Law of Ukraine "On Banks and Banking" and the provisions of the NBU;
- the functioning of the internal audit service in accordance with the requirements of the Law of Ukraine "On Banks and Banking" and the provisions of the NBU;
- calculation and formation of Provisions for active banking operations;
- developing, implementing and maintaining procedures for recognizing and affiliating with Bank entities;
- ensuring compliance with the NBU capital requirements.

Procedures and results obtained

Distribution of assets and liabilities of the bank by maturity

Assessment of the correspondence (reliability of display) of the distribution of assets and liabilities of the Bank by maturity to maturity in the form of statistical reporting on the structure of assets and liabilities by maturity, prepared by the bank for submission to the NBU, conducted by selective testing of account balances for their distribution by maturity.

We have not identified any facts that would indicate that the assets and liabilities are not matched by maturity until maturity in the A7X Data on the structure of assets and liabilities by maturity as of January 01, 2019.

Internal control

The assessment of the Bank's compliance with internal control requirements was carried out through an analysis of the Bank's internal regulatory framework, the results of control tests and other procedures performed in the financial statement audit related to internal control.

We have not identified any facts that would indicate that the Bank's internal control system did not meet the requirements of the NBU.

Internal audit

The assessment of the Bank's compliance with internal audit requirements was carried out by analyzing the Bank's internal regulatory framework and reviewing the work of the internal audit service during the reporting period.

We have not identified any facts that would indicate that the Bank's internal audit did not comply with the NBU requirements.

Determining the amount of credit risk

The estimation of the credit risk exposure by active banking transactions is carried out by selective testing of the Bank's financial assets carried out during the audit of the financial reporting.

We did not find any significant deviations in determining the amount of credit risk on active banking transactions by the Bank as of December 31, 2018.

Affiliates with the bank and transactions with them

The assessment of the recognition of related parties and transactions with them was carried out by analyzing the Bank's internal regulatory framework, selective assessment of the Bank's counterparties for relatedness, performed during the audit of financial reporting, selective assessment of the size of related party transactions, analysis of compliance with established standards.

We have not identified any evidence that the Bank's affiliates and transactions with them have been improperly recognized or have violated the norms for related party transactions.

Sufficiency of the Bank's capital

The Bank's capital adequacy assessment was performed by checking the Bank's compliance with the regulatory requirements established by law and the requirements of the NBU.

As of December 31, 2018, the Bank's authorized capital amounted to 200,000 th. UAH (Note 18), which corresponds to the size established by the Resolution of the NBU No.464 "On bringing the authorized capital of banks in line with the minimum fixed amount".

As of December 31, 2018, the Bank's authorized capital amounted to 288,226 th. UAH (Note 28), which corresponds to the amount established by the Instruction on the Regulation of Banks' Activities in Ukraine, approved by the NBU Resolution No. 358.

During 2018, the Bank complied with all the standards established by the Instruction on the Procedure for Regulation of Banks in Ukraine, approved by the NBU Resolution No. 368 (Notes 27, 28).

Accounting

The accounting is assessed by analyzing the Bank's internal regulatory framework, the results of the procedures performed in the financial statement audit that relate to accounting.

We have not identified any facts that would indicate that the Bank's accounting system did not comply with the requirements of the NBU and IFRS.

Restrictions on use and distribution

This report is for information and use by the management of the Bank and the National Bank of Ukraine and may not be used by any other party. When reviewing this report, the limited nature of the procedures for assessing issues [related to the activities of the Bank, the organization of the accounting system and internal control] should be taken into account. In addition, please note that the criteria for our assessment of issues related to the Bank's activities, organization of accounting and internal control system may differ from the criteria applied by the National Bank of Ukraine.

The partner of the audit task, the result of which is the report of the independent auditor, is Vitalii Havrysh.

Partner / /signature/ Vitalii Havrysh
Director of audit of financial institutions
/seal/

Certified auditor
Certificate of the auditor of Series A №005607, issued by the decision of the Audit Chamber of Ukraine dated December 25, 2003 №130
Certificate of the auditor of banks №0106, issued by the decision of the Audit Chamber of Ukraine dated December 18, 2008 No. 197/2
Registration number in the Register of Auditors and Entities of Audit Activity

Kyiv city, Ukraine
April 15, 2019

FINANCIAL REPORTING (BALANCE SHEET) AS OF DECEMBER 31, 2018

(th. UAH)

	Remarks	2018	2017
ASSETS			
Cash and cash equivalents	6	118 298	63 908
Bank loans and debt	7	232 344	100 118
Customer loans and debt	8	676 959	655 243
Financial investments at fair value through profit/loss	9	-	-
Financial investments at amortized cost	10	300 768	440 508
Investment property	11	48	50
Current income tax receivables		35	817
Deferred tax asset	24	702	588
Fixed assets and intangible assets	12	54 590	39 438
Other assets	13	33 419	25 866
Non-current assets held for sale and assets of the disposal group	14	-	3 962
Total assets		**1 417 163**	**1 330 498**
LIABILITIES			
Customer funds	15	1 096 620	1 048 824
Current income tax liabilities		1 413	-
Provisions for liabilities	16	518	-
Other liabilities	17	8 526	6 229
Total liabilities		**1 107 077**	**1 055 053**
EQUITY			
Authorized capital	18	200 000	200 000
Equity differences	18	39 012	39 012
Provision and other funds of the bank		4 334	4 247
Retained profits/(uncovered losses)		66 740	32 186
Total equity		**310 086**	**275 445**
Total liabilities and equity		**1 417 163**	**1 330 498**

Approved for release and signed
on April 15, 2019

Chairman of the Board /signature/ V.V. Chykhun

Chief Accountant /signature/ L.O. Motronenko

Seal: *Joint-Stock Company * MOTOR-BANK * Zaporizhzhia * Ukraine * 35345213*

REPORTING OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR 2018

(th. UAH)

	Remarks	2018	2017
Interest income	20	144 768	78 733
Interest expense	20	(67 459)	(29 712)
Net interest income / (Net interest expense)	**20**	**77 309**	**49 021**
Fee and commission income	21	46 817	28 207
Fee and commission expense	21	(8 686)	(10 849)
Net profit / (loss) from transactions with foreign currency		7 783	5 174
Net profit / (loss) from revaluation of foreign currency		(311)	1 586
Income / (expense) arising during the initial recognition of financial assets at an interest rate that is higher or lower than the market		(106)	(2 487)
Income / (expense) arising during the initial recognition of financial liabilities at an interest rate that is higher or lower than the market		104	-
Net (increase) / decrease in Provisions to recover possible losses from active banking transactions	7,8,13	(1 149)	5 007
Net (loss) / profit from (increase) / decrease in Provisions for liabilities	16	4 440	-
Net profit / (loss) from derecognition of financial assets carried at amortized cost		(444)	-
Other operating income	22	802	1064
Employee benefit expenses		(47 692)	(29 866)
Depreciation and amortization expenses		(9 087)	(6 331)
Other administrative and operating expenses	23	(26 070)	(34 999)
Profit / (loss) before tax		**43 710**	**5 527**
Income tax expense	24	(8 437)	(3 790)
Profit / (loss) from continuing activities		35 273	1 737
Profit / (loss) for the year		**35 273**	**1737**
OTHER COMPREHENSIVE INCOME:			
Other comprehensive income after tax for the year		**-**	**-**
Total comprehensive income for the year		**35 273**	**1 737**
Net profit / (loss) per ordinary share per year from continuing activities (UAH / share)	25	17,64	1,24

Approved for release and signed
on April 15, 2019

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Chief Accountant /signature/ L.O. Motronenko

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REPORTING OF CHANGES IN EQUITY FOR 2018

(th. UAH)

	Remarks	Authorized capital	Own shares repurchased from shareholders	Equity differences and other additional capital	Provisions and other funds	Retained profits	Total
Balance as of December 31, 2016		**120 000**	**(39 241)**	**39 241**	**3 168**	**31 528**	**154 696**
Total comprehensive income for the year:			-	-	-	1 737	1737
profit / (loss) for the year			-	-	-	1 737	1 737
distribution of profit in Provision and other funds			-	-	1 079	(1 079)	
Share issue:							
nominal value		80 000	-	-	-	:	80 000
Own shares purchased from shareholders:		-	-	-		.	
purchase	18						
selling	18	-	39 241	-	-	-	39 241
Expenses for State registration of the issue	18	-	-	(299)	-	-	(299)
Balance as of December 31, 2017		**200 000**	**-**	**39 012**	**4 247**	**32 186**	**275 445**
Changes from the application of IFRS 9		**-**	**-**	**-**	**-**	**(632)**	**(632)**
Adjusted balance for January 01, 2018		**200 000**	**-**	**39 012**	**4 247**	**31554**	**274 813**
Total comprehensive income for the year:		-	-	-	-	35 273	35273
Profit / (loss) for the year		-	-	-	-	35 273	35 273
Profit distribution to Provision and other funds		-	-		87	(87)	-
Balance as of December 31, 2018		**200 000**	**-**	**39 012**	**4 334**	**66 740**	**310 086**

Approved for release and signed
on April 15, 2019

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Chief Accountant /signature/ L.O. Motronenko

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REPORTING OF CASH FLOWS FOR 2018

(th. UAH)

	Remarks	2018	2017
Cash from operating activities			
Interest income received		**144 222**	**74 270**
Interest expenses paid		(67 104)	(25 420)
Fee and commission income received		46 849	28 255
Fee and commission expenses paid		(8 638)	(10 599)
Result of transactions with foreign currency		7 783	5 174
Other operating income received		800	870
Payments on staff maintenance, paid		(46 492)	(28 798)
Administrative and other operating expenses, paid		(26 526)	(28 497)
Income tax, paid		(6 322)	(2 031)
Cash before changes in operating assets and liabilities		**44 572**	**13 224**
Change in operating assets and liabilities			
Net (increase) / decrease in bank loans and debt		(133 638)	679 057
Net (increase) / decrease in customer loans and debt		(14 902)	(520 457)
Net (increase) / decrease in other financial assets		(19 300)	(6 088)
Net (increase) / decrease in other assets		9 703	3 589
Net (increase) / decrease in customer accounts		47 211	3 887
Net (increase) / decrease in other financial liabilities		410	770
Net cash received / (paid) from operating activities		**(65 944)**	**173 982**
Cash from investment activities			
Securities acquisition accounted for at amortized cost		(26 706 000)	(21 209 000)
Incomes from redemption of securities accounted for at amortized cost		26 846 000	20 899 000
Acquisition of fixed assets		(12 859)	(5 507)
Incomes from sale of fixed assets		34	629
Acquisition of intangible assets		(6 530)	(4 282)
Net cash received / (paid) from investment activities		**120 645**	**(319 160)**
Cash from financial activities			
Emission of ordinary shares	18	-	80 000
Sale of own shares	18	-	39 241
Emission differences	18	-	(229)
Net cash received / (paid) from financial activities		**-**	**119 012**
Exchange differences		**(311)**	**1586**
Net (increase) / decrease in cash and cash equivalents		54 390	(24 580)
Cash and cash equivalents at the beginning of the period		**63 908**	**88 488**
Cash and cash equivalents at the end of the period	**6**	**118 298**	**63 908**

Approved for release and signed
on April 15, 2019

Chairman of the Board /signature/ V.V. Chykhun

Chief Accountant /signature/ L.O. Motronenko

Seal: *Joint-Stock Company * MOTOR-BANK * Zaporizhzhia * Ukraine * 35345213*

NOTES TO THE FINANCIAL REPORTING

1. INFORMATION ABOUT THE BANK

Name, location of the Bank.
Full official name: MOTOR-BANK Joint-Stock Company.
Abbreviated official name: MOTOR-BANK JSC
Location of the Bank: Ukraine, 69068, Zaporizhzhia city, Motorobudivnykiv Avenue, building 54 "B".
Date of state registration of the Bank: August 07, 2007. Date of re-registration in connection with the change of location: December 16, 2009 (Certificate of state registration of the legal entity Series A 01 No. 027625).
The sole shareholder of the Bank since May 25, 2017 is Bohuslaiev Viacheslav Oleksandrovych.
Official Page on the Internet where information about the Bank is available: **http://motor-bank.ua/**

Form of incorporation of the Bank:
The Bank operates as Joint-Stock Company.

The name of the governing body of the Bank.
The Bank is an independent economic entity.

Characteristics of banking activity.
MOTOR-BANK JSC has been operating in the banking market of Zaporizhzhia region since 2008 (the bank's authorized capital as of the end of the day December 31, 2018 is 200 mln. UAH).

Clients of MOTOR-BANK JSC are individuals and legal entities, residents and non-residents operating in the territory of Zaporizhzhia and other regions of Ukraine, among which are leaders of the domestic economy and leading Ukrainian companies.

The priority areas of activity of MOTOR-BANK JSC in 2018 were expanding the client base and attracting corporate clients for credit services, as well as increasing the volume of lending to the population.

The types of activities that the Bank carries out and intends to carry out.
As of the end of 2018, on the basis of a banking license, MOTOR-BANK JSC is entitled to carry out and carried out the following activities (transactions):

- attracting funds (deposits) from an unlimited circle of legal entities and individuals into deposits;
- opening and maintaining current (correspondent) customer accounts;
- placement of deposits, including on current accounts, of funds on its own behalf, on its own terms and at its own risk;
- non-trading transactions with currency values;
- transactions with cash foreign currency and checks (purchase, sale, exchange, acceptance for collection), which are carried out at cash desks and points of exchange of foreign currency of banks;
- maintaining accounts of customers (residents and non-residents) in foreign currency and non-resident customers in the monetary unit of Ukraine;
- opening correspondent accounts in authorized banks of Ukraine in foreign currency and performing transactions on them;
- opening correspondent accounts in banks (non-residents) in foreign currency and performing transactions on them;
- attraction and placement of foreign currency in the foreign exchange market of Ukraine;
- trade in foreign currency on the foreign exchange market of Ukraine [with the exception of transactions with cash foreign currency and checks (purchase, sale, exchange), which is carried out at cash desks and foreign exchange offices of banks and agents];
- issue of payment documents, payment cards and/or their servicing, clearing, other forms of settlement support;

- storage of valuables or provision of property banking (rental) of an individual bank safe;
- provision of guarantees and sureties;
- money transaction;
- carrying out transactions on the securities market on its own behalf;
- issue of own securities;

MOTOR-BANK JSC is also entitled to carry out the following operations:

- transactions with foreign currency in cash (purchase, sale, exchange), which are carried out at foreign exchange points operating on the basis of agency agreements concluded by banks with resident legal entities;
- maintaining correspondent accounts of banks (residents and non-residents) in foreign currency;
- maintaining correspondent accounts of banks (non-residents) in the monetary unit of Ukraine;
- foreign exchange transactions in the foreign exchange market of Ukraine, belonging to financial services in accordance with Article 4 of the Law of Ukraine “On Financial Services and State Regulation of Financial Services Markets” and not specified in paragraphs two to seventeen of the second Regulation on the procedure for granting general licenses to banks and branches of foreign banks for currency transactions approved by the Resolution of the Board of the National Bank of Ukraine dated August 15, 2011 No. 281;
- other transactions under the current legislation of Ukraine.

The specialization of the Bank.
In accordance with the main activities of MOTOR-BANK JSC, the Bank functions as a universal bank. Within the license granted by the NATIONAL BANK OF UKRAINE, the Bank provides a wide range of banking services to customers - entities of all forms of business: financial banking and non-banking institutions, state and private enterprises, business entities, individuals in the territory of Zaporizhzhia and other regions of Ukraine.

The strategic goal of the Bank.
The purpose of the Bank's activity is to ensure proper shareholder profit and maintain high stability of the Bank by promoting economic development and the welfare of all customers serviced by the Bank, providing quality services that meet high professional standards and ethical principles, target groups of customers:

- Corporate clients - legal entities that do not belong to the category of small business, namely:
  - industrial enterprises;
  - large agricultural enterprises;
- To individuals seeking to increase their well-being and quality of life, primarily to employees of enterprises serviced by the Bank.

To achieve this goal, the Bank has the following tasks:

- building a customer base;
- increase in the volume of assets/liabilities, taking into account the quality of their structure;
- maintaining an adequate regulatory capital of the Bank;
- coverage of priority segments of the banking services market of Ukraine.

The Bank achieves its objectives using the following measures:

- development of a network of branches, acquisition of the status of a national bank;
- expanding the range of loan products by introducing new and optimizing existing procedures;
- organization of integrated customer service;
- the use of modern banking technologies in working with clients.

JSC MOTOR-BANK
Financial Reporting for the year ended December 31, 2018
Notes

Owners of significant participation of MOTOR-BANK JSC as of December 31, 2018

Full name	*Country of registration/ citizenship*	*EDRPOU code for legal entities*	*Direct participation , %*	*Indirect participation, %*
Bohuslaiev Viacheslav Oleksandrovych	Ukraine	-	100%	0%

During 2018, the Bank did not receive loans, credits, place securities in excess of 25 percent of assets, the decision to terminate or bankrupt the Bank by the General Shareholders Meeting (single shareholder decision) or the court during 2018 was not taken.

2. THE ECONOMIC ENVIRONMENT IN WHICH THE BANK OPERATES

Despite the fact that Ukraine's economy is recognized as market, it continues to demonstrate some of the features that are more characteristic of a transition economy. Such features include, but are not limited to, currency that is not freely convertible outside the country, currency restrictions and control, relatively high inflation and high interest rates, a significant share of the shadow economy and a high level of corruption. The stability of the Ukrainian economy largely depends on the policies and actions of the government aimed at reforming the administrative and legal systems, as well as the economy as a whole. As a result, transactions in Ukraine are characterized by risks that are not typical for countries with developed economies.

The Ukrainian economy is affected by market fluctuations and slowdowns in economic development in the world economy, and trade wars between powerful countries. The global financial crisis has led to instability in capital markets, a significant deterioration in liquidity in the banking sector and more severe lending conditions (if any), as well as a significant depreciation of the national currency against major world currencies. Bank borrowers also felt the effects of the crisis, which in turn affected their ability to service debts and attract the necessary financing.

The tax, currency and customs legislation of Ukraine allows various interpretations and often changes. The difficulties faced by Ukrainian banks also include the need for further development of legislation on bankruptcy issues, formalized procedures for registration and use of collateral, as well as other legislative and fiscal flaws.

The intensification of crisis trends in the Ukrainian economy observed in 2015 - 2016 can only be explained to a certain extent by the consequences of Russian aggression and Russian restrictive trade measures, which caused the loss of a significant part of domestic production. The main, deep-seated factor in their strengthening is very serious systemic economic deformations that have been accumulating for a long time - practically the entire period since Ukraine profited independence - and in the end they could not but cause large-scale processes of economic degradation and, accordingly, an extreme aggravation of social contradictions. The latter not only significantly weakened the potential for confronting external threats, but also became a catalyst for their growth.

The future economic development of Ukraine depends both on external factors, primarily economic, financial support from the EU, the USA, other countries of the world, and on government actions aimed at maintaining growth and introducing the necessary changes in the tax, legal and regulatory spheres.

An analysis of the banking system of Ukraine and the main regulatory aspects indicates the presence of problems that indicate a crisis, including in the system of banking regulation and supervision. To overcome these phenomena, it is necessary to introduce a comprehensive strategy for the gradual transition to the restoration of the banking business in Ukraine with further steps to implement the recommendations of the Basel Committee.

According to the results of 2018, inflation amounted to 9.8% (in 2017 - 13.7%, in 2016 - 12.4%), which indicates a slowdown in consumer prices.

The interest rate increased from 14.5% per annum to 18.0% per annum during the reporting year, which led to an increase in the level of interest rates on loans to direct borrowers, as well as the cost of financing in national currency.

The official hryvnia to US dollar exchange rate established by the NBU as of January 01, 2019 amounted to UAH 27.688264 for USD 1 compared to UAH 28.067223 for USD 1 as of January 01, 2018. The 2018 UAH exchange rate volatility was 3.29% against 2.14% in 2017.

3. THE BASICS OF THE PROVISION OF FINANCIAL REPORTING

The Bank prepared this financial reporting for the year ended December 31, 2018, in accordance with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that are applied to the reporting periods as of December 31, 2018.
Functional reporting currency and unit of measurement: the hryvnia is the functional currency of the Bank, all forms of annual financial reporting and Remarks thereto are compiled in thousands of hryvnias.
Transactions in foreign currency in accounting and financial reporting are also reflected in hryvnias with its translation at the official rate of the National Bank of Ukraine on the date of the transaction.

4. PRINCIPLES OF ACCOUNTING POLICY

4.1. Consolidated financial reporting

The Bank does not have any subsidiaries and does not prepare consolidated financial reporting.

The Bank prepares annual consolidated financial reporting of the banking group. According to the results of the banking supervision of the Bank, the National Bank of Ukraine identified a banking group, the controller of which is Bohuslaiev Viacheslav Oleksandrovych. In accordance with the decision of the National Bank of Ukraine Committee on Supervision and Regulation of Banking Activities, Oversight of Payment Systems, dated May 19, 2017 No. 166 was recognized as a banking group with the participation of MOTOR-BANK JOINT STOCK COMPANY. The banking group includes:

• MOTOR-BANK Joint Stock Company;
• INSURANCE COMPANY MOTOR-GARANT Additional Liability Company

4.2. Financial instruments

Interest income recognition

The effective interest method
In accordance with IFRS 9, as well as IAS 39, interest income on all financial instruments measured at amortized cost and financial instruments classified as at fair value through profit or loss, are calculated using the effective interest method. Interest income on financial assets measured at fair value through other comprehensive income in accordance with IFRS 9, as well as interest-bearing financial assets classified as available-for-sale or held-to-maturity in accordance with IAS 39 are also calculated using the effective interest method. Effective interest rate (EIR) is the rate that discounts estimated future cash flows over the expected life of a financial instrument or, where appropriate, a shorter period, up to the net carrying amount of the financial asset. The EIR (and therefore the amortized cost of the asset) is calculated based on the discount or premium received on acquisition, the rewards and expenses that are an integral part of the EIR. The Bank recognizes interest income using the rate of return, which is the best estimate of a constant rate of return over the life of the loan. Therefore, it recognizes the impact of potentially different interest rates applied at different stages and other characteristics of the product life cycle (including prepayments, penalty interest and fees).

If the cash flows from financial assets are revised for reasons other than credit risk, the adjustment is included in the report of financial position as a positive or negative change in the asset's carrying amount and as an increase or decrease in interest income. The value of this adjustment is subsequently amortized and recognized in profit or loss as “Interest and similar income”.

Interest and similar income.
The Bank calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit and impaired financial assets.
In the case of a financial asset that becomes credit-impaired and therefore relates to Stage 3, the Bank calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the default on a financial asset is eliminated and it is no longer credit-impaired, the Bank reverts to the calculation of interest income on a gross basis.

In the case of purchased or originated credit-impaired financial assets (POCI financial assets), the Bank calculates interest income using the effective interest rate risk - adjusted interest rate to the amortized cost of the financial asset. An effective interest rate adjustment adjusted for credit risk is a rate that, upon initial recognition, discounts estimated future cash flows (including credit losses) to the amortized cost of an asset that is an purchased or originated credit-impaired financial asset.

Interest income on all financial assets held for trading and financial assets that are compulsorily measured at fair value through profit or loss is recognized using the contractual interest rate of 'Net trading income' and 'Net profit/(losses) on financial assets measured at fair value through profit or loss', respectively.

Financial instruments - initial recognition

Date of recognition
Financial assets and financial liabilities, other than loans and advances to customers and clients' funds, are initially recognized at the date of the transaction, that is, the date on which the Bank becomes a party to the contract that defines the terms of the relevant instrument. These include agreements on standard terms: the purchase or sale of financial assets, the terms of which require the delivery of assets over a period of time that is usually established by regulations or traditionally used in the market. Loans and advances to customers are recognized when the funds are credited to the customer's accounts. The Bank recognizes customers' funds when these funds are transferred to the Bank's account.

Initial valuation of financial instruments
The classification of financial instruments at initial recognition depends on the contractual terms and the business model used to manage the instruments.

Financial instruments are initially measured at fair value, including or excluding the cost of the transaction, except when financial assets and financial liabilities are measured at FVTPL. Trade receivables are estimated at the transaction price. If the fair value of the financial instruments on initial recognition differs from the transaction price, the Bank considers the profit or loss on the first day as described below.

First day profit or loss
If the transaction price differs from the fair value of the financial instrument on initial recognition and the fair value is based on an estimation model using only observable market data, the Bank recognizes the difference between the transaction price and the fair value in the net trading income. Where fair value is based on an estimation model in which some data are not observable, the difference between the transaction price and the fair value is carried forward and recognized in profit or loss only when such data become observable or when the instrument is derecognised.

Categories of valuation of financial assets and financial liabilities
As of January 1, 2018, the Bank classifies all its financial assets on the basis of the business model used to manage the assets and the contractual terms of the assets as valued at:
- depreciation value;
- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL).

The Bank classifies and evaluates derivatives and trading instruments according to the FVTPL. The Bank may, at its sole discretion, classify financial instruments as FVTPL evaluated, if such classification would eliminate or significantly reduce the inconsistency of valuation and recognition approaches.

Until January 1, 2018, the Bank has classified financial assets into the following categories: loans and receivables (measured at amortized cost), assets evaluated as FVTPL, available-for-sale or held-to-maturity (measured at amortized cost).

Financial liabilities, other than loans and financial guarantees, are measured at fair value or as FVTPL, if they are held for trading and derivatives, or at the entity's discretion, and are classified at fair value.

Financial assets and financial liabilities

Bank assets, loans and advances to customers, financial investments measured at amortized cost
Until January 1, 2018, non-derivative financial assets with fixed payments not quoted in an active market were considered as bank assets and loans and advances to customers, except:
- those that the Bank intended to sell immediately or in the near future;
- those that the Bank initially classified at its sole discretion as being classified as FVTPL or available for sale;
- those for which the Bank could obtain an amount much less than the amount of its initial investment for reasons other than deterioration of the credit quality of the asset. Such assets are classified as available for sale.

As of January 1, the Bank only assess the bank's assets, loans and advances to customers and other financial investments at amortized cost if both of the following conditions are met:
- the financial asset is held within the business model, the purpose of which is to hold the financial assets to obtain the contractual cash flows;
- the contractual terms of the financial asset condition the receipt of cash flows at the specified dates, which are exclusively payments at the expense of the principal and interest on the outstanding portion of the principal.

These conditions are discussed in more detail below.

Evaluation of business model
The Bank defines the business model at the level that best reflects how the grouped financial assets are managed to achieve a specific business objective.

The Bank's business model is valued not at the level of individual instruments but at a higher level of portfolio aggregation and is based on observable factors such as:
- how the performance of the business model and the profitability of the financial assets held under that business model are evaluated and how this information is communicated to the key management personnel of the organization;
- risks that affect the performance of the business model (and the profitability of financial assets held under that business model) and, in particular, how those risks are managed; and
- how business managers are rewarded (for example, whether the reward is based on the fair value of the managed assets or the contractual cash flows received);
- the expected frequency, volume and timing of sales are also important aspects in assessing the Bank's business model.

The assessment of the business model is based on the scenarios, which are reasonably expected, without taking into account the so-called "worst" or "stress" scenarios. If, after initial recognition, cash flows are realized in a manner other than the Bank's expectations, the Bank does not change the classification of the remaining financial assets held under the business model, but subsequently takes that information into account when assessing newly created or recently acquired financial assets.

Cash Flow Contract Specification Test (SPPI Test)
As part of the second stage of the classification process, the Bank evaluates the contractual terms of the financial asset to determine whether the contractual cash flows for the asset are exclusively payments to the principal and interest on the outstanding portion of the principal (SPPI Test).

For the purposes of this test, "principal" is the fair value of a financial asset upon initial recognition and may change over the life of the financial asset (for example, if there is a payment on principal or amortization of a bonus/discount).

The most important elements of a loan agreement are usually the reimbursement for the time value of money and the reimbursement for the credit risk. To conduct the SPPI test, the Bank uses judgment and analyzes relevant factors, such as in which currency the financial asset is denominated and the period for which the interest rate is set.

At the same time, contractual terms that are higher than those that can be neglected for risk aversion or volatility of contractual cash flows not related to the underlying credit agreement do not condition the occurrence of contractual cash flows that are solely payments for account of the principal and interest on the outstanding part of the principal. In such cases, the financial asset needs to be assessed acc.to FVTPL.

Derivative instruments that are measured at fair value through profit or loss
A derivative instrument is a financial instrument or other contract that has all three of the following characteristics:
- its value changes as a result of a change in a specific interest rate, the price of a financial instrument, the price of a commodity, the exchange rate, the price or rate index, the credit rating or the credit index, or other variable (called a “base”), provided that the variable - if it is non-financial variable - is not specific to either party to the contract;
- it does not require an initial net investment or a relatively small initial net investment compared to other types of contracts that are expected to respond similarly to changes in market factors;
- payments will be made at some date in the future.

The Bank enters into derivative contracts with various counterparties. Derivative instruments include futures contracts, currency swaps, and forward currency contracts. Derivative instruments are carried at fair value and are recognized as assets if their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net trading income, except when hedge accounting is applied.

Built-in derivatives
An embedded derivative is a component of a hybrid instrument that also includes a non-derivative master contract, whereby some cash flows from the combined instrument are changed in a similar fashion to that arising in the case of a stand-alone derivative. An embedded derivative determines the change in some or all of the cash flows that would otherwise be determined by the contract, the stipulated interest rate, the price of the financial instrument, the price of the commodity, the exchange rate, the price or rate index, the credit rating or credit index, or any other variable, provided that in the case of a non-financial variable, it is not specific to either party to the contract. A derivative instrument that is tied to a financial instrument, however, under the contract may be transferred regardless of such instrument or concluded with another counterparty other than the counterparty to the financial instrument, is not an embedded derivative, but a separate financial instrument.

According to IAS 39, derivatives embedded in financial assets, liabilities and non-financial core contracts are accounted for as separate derivative instruments and measured at fair value if they match the definition of the derivative instrument, their economic characteristics and risks were not closely matched due to the economic characteristics and risks of the underlying contract and, in itself, the underlying contract was not trade-related or classified by the entity as being assessed under the FVTPL. Embedded derivatives that are separate from the primary contract are accounted for at fair value through the trading book, and changes in fair value are recognized in the profit-and-loss report.

Beginning January 1, 2018, the effective date of IFRS 9, the Bank will similarly account for derivative instruments embedded in financial liabilities and non-financial core contracts. The classification of financial assets is based on the business model and the valuation of the contractual cash flows (SPPI Test).

Financial assets or financial liabilities held for trading
The Bank classifies financial assets or financial liabilities as held for trading, if acquired or disposed of, principally for the purpose of short-term profit through trading activities or as part of a portfolio of financial instruments managed as a single group and recent practice shows that transactions with them were made in order to generate short-term profits. Financial assets and financial liabilities held for trading are measured at fair value and reported in the report of financial position. Changes in fair value are recognized in net income from trading activities. Interest and dividend income or expenses are recognized as net trading income

at the time specified in the contract or when the right to receive it is established.

This classification includes debt securities, equity instruments, short positions and loans to customers, which have been purchased principally for the purpose of sale or repurchase in the near future.

Debt instruments that are measured at fair value through other comprehensive income (policy effective from January 1, 2018)

In accordance with IFRS 9, the Bank applies the new category and measures its fair value through other comprehensive income (IFRS) if both of the following conditions are met:
- the instrument is held within the business model, the purpose of which is achieved both by obtaining contractual cash flows and by selling financial assets;
- the contractual terms of the financial asset condition the receipt of cash flows that are purely payments at the expense of the principal and interest on the outstanding portion of the principal (ie, the SPPI test criteria are met).

Such instruments mainly consist of assets previously classified as available-for-sale financial assets in accordance with IAS 39.

Debt instruments that are measured at the level of the FVOCI are subsequently measured at fair value, and any profit or loss arising from the change in fair value is recognized in the OCI. Interest income or profit or loss on exchange rates is recognized in profit or loss in the same way as in the case of financial assets measured at amortized cost. If the Bank owns more than one investment in the same security, it is considered that their disposal will be carried out on a first-come, first-served basis. Upon derecognition, the accumulated profit or loss previously recognized in the OCI is reclassified from the OCI to net profit or loss.

Mutual instruments at fair value through other comprehensive income (policy effective January 1, 2018)
Sometimes, upon initial recognition of certain investments in equity instruments, the Bank makes the decision, without the right to cancel it further, to classify them as FVOCI-rated equity instruments if they meet the definition of a unit instrument in accordance with IAS 32 “Financial Instruments: Presentation” and not for the trade. The decision on such classification is made for each instrument separately.

Profits and losses on such equity instruments are never reclassified to profit or loss. Dividends are recognized in profit or loss as other operating income if the right to receive dividends is established, except where the Bank benefits from such proceeds as a reimbursement of part of the original cost of such instrument. In this case, the profit is recognized in the OCI. Mutual instruments that are rated for FVOCI are not subject to impairment.

Debt instruments and other borrowings issued
Subsequent to initial recognition, debt instruments and other borrowings are subsequently measured at amortized cost. The amortized cost is calculated taking into account all discounts or premium on the issue of funds and transaction costs, which are an integral part of the EIR. An integral financial instrument that contains both debt and equity components is divided into the issue date.

The Bank has issued financial instruments that are convertible into equity instruments, early repayment and call options. When establishing the accounting for such non-derivative instruments, the Bank first determines whether the instrument is an integral part and classifies the components of such an instrument separately as financial liabilities, financial assets or equity instruments in accordance with IAS 32. The classification of the debt and equity components of the convertible instrument is not reviewed due to changes in the likelihood that the right to convert will be exercised, even when it may seem that the exercise of that right has become cost effective for some instrument owners.

Financial assets and financial liabilities at fair value through profit or loss
This category of valuation includes non-trading financial assets and financial liabilities that, upon initial recognition, have been classified as such at the discretion of management or required to be measured at fair value in accordance with IFRS 9. When management's initial recognition may, at its sole discretion, classify the instrument as an FVTPL assessed only if

one of the following criteria is met. The decision on such classification is made for each instrument separately:

- this eliminates or significantly reduces the inconsistency of approaches that would otherwise result from the use of different bases for valuation of assets or liabilities or the recognition of related profit and losses; or
- liabilities (and until January 1, 2018 and assets under IAS 39) are part of a group of financial liabilities (or financial assets, or both under IAS 39), the management of which the results are measured at fair value in accordance with a documented risk management or investment strategy; or
- liabilities (and until January 1, 2018 and IAS 39 assets) contain one or more embedded derivatives, except when they do not cause a significant change in cash flows compared to those otherwise would be required under the contract, or apparently based on or without minimal analysis, upon initial consideration of a similar instrument that the branch of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities measured at FVTPL are accounted for in the reporting of financial position at fair value. Changes in fair value are recognized in profit or loss, except for changes in the fair value of financial liabilities classified at the Bank's discretion as measured by the FVTPL, which are due to changes in the Bank's own credit risk. Such changes in fair value are recognized as an “own credit risk provision” in other comprehensive income and are not reclassified to net profit or loss. Interest paid or received on instruments classified at the Bank's discretion as FVTPL is recorded as interest expense or interest income in accordance with the EIR using all discounts/premium and related transaction costs that are an integral part of the instrument. Interest received on assets that are compulsorily assessed by the FVTPL shall be taken into account using the contractual interest rate. Dividends received from investments in equity instruments that are measured by the FVTPL are recognized in the income reporting as other operating income when the right to receive them is established.

Financial guarantees, letters of credit and unused part of the liabilities to provide loans

The Bank issues financial guarantees, letters of credit and liabilities to provide loans.

Financial guarantees are initially recognized in the financial reporting (under the “Provisions under the liability”) at fair value, in the amount of the premium received. Upon initial recognition, the Bank assesses its liability for each guarantee to the largest of the initially recognized amount less accumulated depreciation recognized in the income reporting and, in accordance with IAS 39, the best estimate of the cost required to settle a financial liability arising from a guarantee, or - in accordance with IFRS 9 - an estimated provision for expected credit losses (ECL).

Premium received is recognized in profit or loss as 'Fee and commission income' on a straight-line basis over the life of the guarantee.

Unused loan liabilities and letters of credit are contractual liabilities under which the Bank is obliged to provide a loan to the customer on the terms and conditions agreed in advance. As with financial guarantee contracts, IAS 39 has created a valuation obligation for these instruments if they have been burdensome, but since January 1, 2018, such liabilities have been subject to the ECL valuation requirements.

The contractual nominal value of financial guarantees, letters of credit and unused loan liabilities, if their terms and conditions provide for a loan on market terms, is not reflected in the reporting of financial position.

The Bank sometimes issues liabilities to provide loans at below-market interest rates. Such liabilities are subsequently measured at the largest of the amount of the valuation allowance under ECL and the initially recognized amount less, when appropriate, the cumulative amount of income recognized in accordance with the principles described in the First day profit or loss note.

Reclassification of financial assets and financial liabilities

As of January 1, 2018, the Bank does not reclassify financial assets after initial recognition, except in exceptional cases when the Bank acquires, disposes of, or discontinues operations. Financial liabilities are never reclassified. In 2017, the Bank did not reclassify its financial assets.

Derecognition of financial assets and financial liabilities

Derecognition due to a material modification of the terms of the instrument
The Bank derecognises a financial asset, such as a loan to a customer, if the terms of the contract are revised in such a way that it becomes a new loan and the difference is recognized as profit or loss from derecognition before the impairment loss is recognized. On initial recognition, loans are classified in Stage 1 for the purpose of assessing the ECL, except when the loan created is considered a POCI financial asset.

In assessing whether to derecognize a customer loan, the Bank considers, inter alia, the following factors:
- change of credit currency;
- adding a share component;
- change of counterparty;
- does the modification make the instrument no longer meet the SPPI test criteria.

If the modification does not result in a significant change in cash flows, the modification does not result in derecognition. Based on changes in cash flows discounted on the original EIR, the Bank recognizes the profit or loss on the modification before recognizing any impairment loss.

Derecognition not related to a significant modification
Financial assets
The Bank derecognizes a financial asset (or, where appropriate, part of a financial asset or part of a group of similar financial assets) when the rights to receive cash flows from that financial asset that are contractually expired. The Bank also derecognises a financial asset if it has transferred that financial asset and the transfer qualifies for derecognition.

The Bank transferred a financial asset only if:
- transferred the rights stipulated by the contract to receive cash flows from this financial asset; or
- retained the rights to receive cash flows from a financial asset stipulated in the contract, but assumed the obligation to repay those cash flows without significant delay to a third party under the "transit" agreement.

Transit arrangements are agreements under which the Bank retains the rights to receive cash flows from a financial asset (the “original asset”) under the agreement but assumes the obligation under the contract to pay those cash flows to one or more other entities (“final recipients”) and all three of the following conditions are fulfilled:
- The Bank is not obligated to pay any amounts to the final recipients unless it receives equivalent amounts on the initial asset, except for short-term funds with full right to repay the amount plus interest accrued at market rates;
- The Bank may not sell or transfer the original asset as collateral other than to the final recipients as collateral;
- The Bank is obliged to transfer all cash flows collected to them in the interests of final recipients without significant delay. In addition, the Bank shall not have the right to reinvest such cash flows, except for investments in cash or cash equivalents, including interest earned on such investment, within the period from the date the cash flows are collected to the date of necessary transfer to the final recipients.

A transfer of financial assets is eligible for derecognition if:
- The Bank has transferred substantially all the risks and rewards of the asset; or
- The Bank has not transferred or retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Bank considers that it has transferred control of the asset if and only if the receiving party has a practical opportunity to sell the asset transferred to it to a fully independent third party and can exercise that opportunity unilaterally without the need to impose additional restrictions on such transfer.

If the Bank has not transferred and retained substantially all the risks and rewards of the asset but retained control of the transferred asset, the Bank continues to recognize the financial asset in its continuing involvement. In this case, the Bank also recognizes an asset-related liability. The transferred asset and the related liability are measured on a basis that reflects the rights and obligations retained by the Bank.

Subsequent participation, which takes the form of a guarantee for the transferred asset, is measured at the lower of the following two values: the initial carrying amount of the asset or the maximum amount of compensation the Bank may be required to pay.

If further participation takes the form of an issued or acquired option (or both) of the transferred asset, then the amount of further participation is estimated at the amount that the Bank may be required to pay in the event of a repurchase. If a put option is issued for an asset that is measured at fair value, the amount of further involvement of the entity is limited to the lesser of the following two values: the fair value of the asset transferred and the exercise price of that option.

Financial liabilities
The Bank derecognises a financial liability when the contractual obligation is fulfilled, canceled or terminated after the expiry of the term. When an existing financial liability is replaced by another with the same creditor but with substantially different terms, or if the terms of an existing liability are substantially modified, then such replacement or modification shall be considered as a derecognition of the original liability and the recognition of the new liability. The difference between the carrying amount of the original financial liability and the amount of consideration paid is recognized in profit or loss.

Impairment of financial assets (policy effective from January 01, 2018)

Review of principles for estimating expected credit losses
The application of IFRS 9 radically reverses the Bank's accounting for impairment losses on loans by introducing an ECL model instead of the IAS 39. As of January 1, 2018, the Bank recognizes a provision for ECL for all loans and other debt financial instruments not assessed under the FVTPL, as well as loan commitments and financial guarantee agreements, collectively referred to as "financial instruments" in this section. Under IFRS 9, as for equity instruments of impairment requirement, they do not apply.

The ECL provision is estimated at the amount of credit losses that are expected to arise over the life of the asset (expected credit losses over the full term) if the credit risk on the financial asset has increased significantly since initial recognition, otherwise the impairment provision will be estimated in an amount equal to the 12-month credit loss expectation.

12-month ECLs are part of an ECL for the whole term, representing ECL arising from defaults on financial instruments that are possible within 12 months after the reporting date.

Full-term and 12-month ECLs are calculated either on an individual or group basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established an assessment policy at the end of each reporting period as to whether there has been a significant increase in credit risk on a financial instrument since initial recognition by taking into account changes in the risk of default over the life of the financial instrument.

Based on the process described above, the Bank groups its loans as follows:
- *Stage 1:* Upon initial recognition of the loan, the Bank recognizes a provision for impairment in the amount of 12-month ECL. Stage 1 also includes loans and other lines of credit that have been mitigated to such an extent that they have been transferred from Stage 2.
- *Step 2:* If the credit risk of the loan has increased significantly since initial recognition, the Bank recognizes a provision for impairment in the amount equal to the lifetime value of the ECL. Stage 2 also includes loans and other credit lines that have been reduced to such an extent that they have been transferred from Stage 3.
- *Step 3:* Loans that are impaired (as described in Note 12.3.3.1). The Bank recognizes a provision for impairment in the amount equal to ECL for the whole period.
- *POCI financial assets:* Purchased or originated credit-impaired (POCI) financial assets are assets that were subject to credit impairment at the time of initial recognition. Upon initial recognition of POCI financial assets, financial assets are carried at fair value and subsequently recognized as interest income on a credit-adjusted EIR. The ECL provision is recognized or derecognised only to the extent that the amount of the expected credit loss has changed.

If the Bank does not have reasonable expectations about the reimbursement of the financial asset in whole or in part, the gross carrying amount of that financial asset should be reduced. Such a decrease is regarded as a (partial) derecognition of a financial asset.

Calculation of expected credit losses
The Bank calculates an ECL based on four probability-weighted scenarios to estimate the expected underperformance of the cash discounted using the EIR or its approximate value. Failure to receive funds is the difference between the cash flows that the entity owns under the contract, and the cash flows the entity expects to receive.

The ECL calculation mechanics are described below, and the main elements are as follows:
- *Probability of default (PD)* The probability of default (PD) is a calculated estimate of the probability of default over a given period of time. A default may only occur at a certain point in time for the period under consideration, if the asset is not derecognised and is still part of the portfolio.
- *Exposure At Default (EAD)* The Exposure At Default (EAD) is a calculated estimate of a default value at any future date, taking into account expected changes in that amount after the reporting date, including the payment of the principal and interest provided for in the contract or otherwise, repayment of loans and interest accrued as a result of late payment.
- *Loss Given Default (LGD)* The Loss Given Default (LGD) is a calculated estimate of losses that occur in the event of a default at a particular point in time. LGDs are calculated as the difference between the contractual cash flows and those cash flows that the lender expects to receive, including as a result of collateral. This figure is usually expressed as a percentage of the EAD.

In assessing ECL, the Bank considers four scenarios: baseline, optimistic, moderately pessimistic and extremely pessimistic. PD, EAD and LGD are set for each of them. Where appropriate, the multiple scenario assessment also takes into account the manner in which the defaulted loans are expected to be repaid, including the likelihood that credit quality will improve, as well as the cost of collateral and the amount that may result from the sale of the asset.

Impairment losses and reimbursements are accounted for and presented separately from profit or losses on modifications, which are recognized as an adjustment to the gross carrying amount of the financial assets.

The principles for assessing ECL are described below:
- *Stage 1:* 12-month ECLs are part of an ECL for the whole term, representing ECL arising from defaults on financial instruments that are possible within 12 months after the reporting date. The Bank calculates 12-month ECLs based on expectations of default within 12 months after the reporting date. This 12-month default probability is applied to the EAD and multiplied by the expected LGD and then discounted using the approximate initial EIR value. Such calculations are made for each of the four scenarios mentioned above.
- *Step 2:* If the credit risk of the loan has increased significantly since initial recognition, the Bank recognizes a provision for impairment in the amount equal to the lifetime value of the ECL. The calculation principles are similar to those described above, including the ability to use multiple scenarios, except that PD and LGD are calculated over the life of the instrument. The expected amounts of the underfunding are discounted using the approximate initial EIR.
- *Step 3:* Loans that are impaired, the Bank recognizes a provision for impairment in the amount equal to ECL for the whole period. The calculation method is similar to the method used for Stage 2 assets, and the PD is set at 100%.
- *POCI financial assets:* Purchased or originated credit-impaired (POCI) financial assets are assets that were subject to credit impairment at the time of initial recognition. In the case of such assets, the Bank recognizes as accumulated loss provisions only the accumulated since the initial recognition of the change in the ECL for the whole term on the basis of four probability-weighted scenarios discounted using credit risk-adjusted EIR.
- *Obligation to provide loans and letters of credit.* In assessing the ECL for the entire term of the unused

portion of the loan obligation, the Bank considers the portion of the liability that is expected to be used over the expected term. Subsequently, ECL is calculated in the amount of the present value of the expected cash receipts in the event of a loan commitment based on four probability-weighted scenarios. The expected amount of non-receipt of funds is discounted using the approximate value of the expected ECL on the loan.

In the case of credit cards and revolving lending mechanisms that contain both a loan component and a component of the unused portion of the loan obligation, the ECLs are calculated and presented together with the loan. In the case of commitments to provide loans and letters of credit, ECLs are recognized under the item “Valuation liabilities”.

Financial guarantee agreements. The Bank's liability under each guarantee is measured at the highest of the amount initially recognized, net of accumulated depreciation recognized in the income statement, and the amount of the valuation provision under ECL. For these purposes, the Bank estimates ECL based on the present value of expected payments that will reimburse the instrument holder for the credit losses it incurs. Non-receipt of funds is discounted using the risk-adjusted interest rate of the instrument. The calculations are carried out using four probability-weighted scenarios. ECLs under financial guarantee agreements are recognized under the item “Valuation liabilities”.

Debt instruments that are measured at fair value through other comprehensive income
ECL debt instruments are not impaired by the carrying amount of those financial assets in the statement of financial position, which continue to be measured at fair value. Instead, an amount equal to the estimated provision for expected losses that would have been created in measuring the asset at fair value is recognized in the OCI as the accumulated amount of impairment with the recognition of the corresponding amounts in the income statement. The accumulated amount of losses recognized in the OCI is reclassified to net profit or loss on derecognition of the asset.

Acquired or impaired financial assets
In the case of POCI financial assets, the Bank recognizes as accumulated provisions for losses only accumulated since the initial recognition of changes in the ECL for the whole period.

Credit cards and other revolving lending mechanisms
The Bank offers its customers, corporate and retail clients, various overdrafts and credit cards that the Bank may withdraw and/or for which it may reduce its notice limits in just one day. The Bank does not limit its exposure to credit risk exposure by the contractual deadline for submitting a notice, and instead calculates an ECL over a period that reflects the Bank's expectations of customer behavior, the likelihood of default, and future credit risk mitigation measures that may entail a reduction or closing of limits.

Regular assessment of whether there is a significant increase in credit risk with respect to revolving credit facilities similar to the assessment is made with respect to other credit products. It is based on changes in the client's internal credit risk, but more emphasis is placed on qualitative factors, such as changes in the use of credit.

The rate used to discount ECL on credit cards is based on the average effective interest rate that will be applied during the risk-averse period. This estimate takes into account the fact that many loans are paid in full on a monthly basis and, accordingly, no interest is accrued on them.

The ECL calculation, including an estimate of the expected credit risk exposure period and the discount rate, is carried out on an individual basis on corporate loans and on a group basis on retail loans. Group valuation is carried out separately for portfolios of financial instruments with similar credit risk characteristics.

Forecast information
In its models of ECL determination, the Bank uses a wide range of forecast information as output economic data, for example:
- GDP growth;
- unemployment rate;
- Central Bank base rates;

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- Housing price indices.

The outputs and models used in the calculation of ECL do not always reflect all the characteristics of the market at the date of submission of the financial reporting. To reflect this, they sometimes develop qualitative adjustments or overlays as temporary adjustments, if such differences are significant.

Security assessment
To mitigate credit risk on financial assets, the Bank seeks to use collateral where possible. Collateral takes various forms, such as cash, securities, letters of credit/guarantees, real estate, accounts receivable, inventories, other non-financial assets and credit enhancement mechanisms, such as netting agreements. The Bank's accounting policies for collateral received under IFRS 9 are the same as those under IAS 39. The collateral is not shown in the reporting of financial position of the Bank unless it has been charged. However, the fair value of the security is taken into account when determining the ECL. As a rule, it is valued at least at the time of the contract and is revalued on a quarterly basis.

Whenever possible, the Bank uses active market data to estimate the financial assets held as collateral. Other financial assets that do not have an easily identifiable market value are measured using models. Non-financial collateral, such as real estate, is estimated on the basis of data provided by third parties, such as appraisers, or on the basis of a home price index.

Exercise of security
The Bank's accounting policies under IFRS 9 have not changed in comparison with those applied under IAS 39. Accounting policies are to determine whether recoverable assets can be used for internal transactions or their better sell. Assets identified as useful for internal use are translated into the relevant asset category and are measured at the lower of cost of the asset withdrawn or the carrying amount of the initial asset secured by the pledge. Assets that are subject to a decision to sell are classified as held for sale and measured at fair value (in the case of financial assets) or at fair value less costs to sell (in the case of non-financial assets) at the date of collection in accordance with Bank's policies. In the ordinary course of business, the Bank does not physically dispose of real estate or other assets within the retail portfolio, but rather engages external agents to recover its outstanding debt. Any surplus funds are returned to customers/borrowers.

Write-offs
The Bank's accounting policies under IFRS 9 have not changed in comparison with those used in accordance with IAS 39. Financial assets are written off, either in whole or in part, only when the Bank no longer expects them to recover their value. If the amount to be written off is greater than the amount of the accumulated impairment loss, the difference is initially taken into account as an increase in the valuation Provision, which is then applied to the gross carrying amount. Any further recoveries are for credit losses.

Restructured and modified loans
The Bank may sometimes concede or revise the original terms of the loan agreements in response to the borrower's financial distress, instead of withdrawing or otherwise collecting the collateral. The Bank considers the loan restructured if such concessions or modifications are made as a result of the borrower's existing or anticipated financial difficulties and which the Bank would not have agreed to in the case of the borrower's financial capacity. Indicators of financial distress include coverages or significant concerns expressed by the credit risk department. The restructuring of the loan may imply an extension of the contractual terms of payment and the agreement of new credit conditions. After revision of the terms of the contracts, impairment losses are estimated on the original EIR, that is, the EIR calculated before the modification of the terms of the contract. The Bank's policy provides for ongoing monitoring of restructured loans to analyze the likelihood of future payments. Decisions to terminate recognition and reclassification between Stage 2 and Stage 3 are made on a case-by-case basis. If such procedures result in an event of loan impairment, it will be disclosed and managed as a depreciated restructured asset of Stage 3 until the debt has been paid or written off.

Beginning January 1, 2018, when loan terms are revised or modified but no derecognition occurs, the Bank shall also reassess whether there has been a significant increase in credit risk since initial recognition.

The Bank is also considering whether to classify the assets in Stage 3. Since the instrument has been classified as restructured, it shall remain so for a minimum of 12 months of probation. In order for a loan to be reclassified from the restructured loans category, the client must comply with all of the following criteria:

- payments on all loans must be made in a timely manner;
- the probation period has ended since the restructured asset was not considered problematic;
- regular payments of more than minor amounts of principal or interest were made during at least half of the probation period;
- the client does not have contracts overdue for more than 30 days.

4.3. Cash and cash equivalents.

Cash and cash equivalents. Cash and cash equivalents are assets that can be converted to cash on demand and have a low risk of change in value. Cash and cash equivalents include cash on hand, balances on a correspondent account with the National Bank of Ukraine that are not restricted in use, and overnight deposits with other banks, except for guarantee deposits on plastic card transactions. Balances on correspondent accounts with other banks for 2018 and 2017 are disclosed in Note 7: Bank loans and debt. Cash and cash equivalents are accounted for at an initial and amortized cost.

Required provision in the National Bank of Ukraine. Mandatory provision cash balances with the National Bank of Ukraine are carried at initial cost and represent interest-bearing obligatory Provision deposits that cannot be used to finance the Bank's day-to-day operations and are therefore not considered to be components of cash and cash equivalents for the purposes of the cash flow report.

4.4. Investment property

The recognition criteria for investment property are the likelihood that the Bank will receive future economic benefits associated with investment property and the ability to reliably estimate the value of investment property.

The Bank separates investment property from owner-occupied property (fixed assets), if:
- the share held for rent or for capital appreciation and the share held for use in the Bank's core business may be sold separately;
- if such shares cannot be sold individually, property is investment property, if only insignificant, not more than 10%, its share is held for use in the main activity of the Bank.

The initial assessment of investment property is carried out at cost, including transaction costs. Subsequent assessment is carried at cost less any accumulated depreciation and any accumulated impairment loss.

Equipment, which is an integral part of the building, is accounted for separately.

Depreciation is charged using the straight-line method over the life of the asset.

The Bank shall transfer the property object to the category of investment property and from the category of investment property to other only in case of changing the way of its functional use, which is confirmed by the following events:
a) the beginning of occupation by the owner of the property - in the case of transfer from investment property to property occupied by the owner;
b) the termination of occupation by the owner of the property - in case of transfer from the property occupied by the owner to investment property.

Due to the fact that the Bank applies the method of valuation at initial cost, the transfer of investment property to the category of owner-occupied real estate and vice versa does not affect its carrying value. The transfer is carried at the carrying amount of the transferred property and the value of these objects does not change.

Impairment and revaluation of the investment property, measured at cost (cost), is recognized by the Bank in a manner similar to the recognition of impairment of property, plant and equipment.

In 2018, the Bank did not recognize losses from impairment of investment property.

4.5. Fixed assets

Fixed assets and other non-current assets are measured at initial cost, which is defined as the actual cost in the amount of the fair value of other assets paid (transferred), spent on the acquisition (creation) of property, plant and equipment.

Recognition criteria: It is probable that the future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

The initial valuation of the assets of all groups of fixed assets is carried out at cost, including:
purchase price (including import duties, non-refundable taxes);
any costs directly related to the delivery of the asset to the location and bringing it to the condition necessary for operation;
the estimated cost of dismantling, moving the object and rebuilding the territory the Bank incurs.

Further evaluation of fixed assets is as follows:
for fixed assets belonging to the class (group) "buildings, facilities and transfer units" - at revalued amount (which is the fair value) less any further accumulated depreciation and further accumulated impairment losses;
for all other fixed assets, at cost less any accumulated depreciation and any accumulated impairment loss.

Depreciation on all groups fixed assets is calculated using the straight-line method over the life of the asset at the following rates:

	Useful life, years
Buildings, premises and other buildings	25
Mini-PABX	10
Phones, computers, reading or printing equipment, computer network equipment, uninterruptible power supplies	2
Household equipment and gear, advertising constructions	4
Furniture, cash register and equipment, home appliances	5
Vehicles	5
Boxes (storage) for cash	20
Improvement of leased property	for the term of the lease agreement

Depreciation of non-current tangible assets is carried out in the first month of using the asset at a rate of 100 percent of its value. The land has an indefinite useful life and is therefore not depreciated.

Depreciation is reviewed annually. The results of its revision are taken into account as a revised accounting estimate. Amortization of current and future periods is subject to adjustment.

Depreciation methods for fixed assets have not changed in 2018 and 2017.

The useful life is calculated based on the expected useful life of the asset, the expected physical and moral wear, technical and commercial wear, and legal and other similar restrictions on the use of the asset. The useful life is reviewed annually.

The revaluation of fixed assets is carried out on the basis of a decision of the Management Board of the Bank. In 2018 and 2017, no revaluation of fixed assets was carried out.

In order to determine the impairment loss, the carrying amount of fixed assets is reviewed regularly to determine whether the carrying amount of the asset may exceed its carrying amount.

If the carrying amount of the assets exceeds the expected value of the consideration, it is reduced to the cost of the consideration. The impairment of fixed assets in 2018 and 2017 did not occur.

4.6. Intangible assets
Intangible assets - non-monetary assets that have no physical substance and are identifiable, i.e. can be separated from the Bank or arise as a result of contractual or other legal rights (whether or not they can be separated). Intangible assets are recognized only when it is probable that the future economic benefits associated with the asset will flow to the Bank and the cost of the asset can be measured reliably.

Recognition criteria: Intangible assets are recognized only when it is probable that the future economic benefits associated with the asset will flow to the Bank and the cost of the asset can be measured reliably.

At the time of initial recognition, intangible assets of all classes are valued at cost. The following assessment is carried out at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of intangible assets is calculated using the straight-line method over the life of the asset. The useful life of intangible assets is set in accordance with the terms of licenses specified in the license agreements.

The useful life and the amortization method are reviewed annually. The useful life is determined by each asset and depends on the type of intangible assets.

The revaluation of intangible assets is based on the decision of the Bank's Management Board. Intangible assets were not revalued in 2018 and 2017.

In order to determine the impairment loss, the carrying amount of intangible assets is reviewed on a regular basis to determine whether the carrying amount may exceed the carrying amount of the consideration. If the carrying amount of the assets exceeds the expected value of the consideration, it is reduced to the cost of the consideration.

In 2017 and 2018, depreciation rates and the useful lives of intangible assets remained unchanged.

4.7. Operating lease under which the Bank acts as lessor and/or lessee.
Operating lease is a business transaction of the Bank that involves the transfer to the lessee of a fixed asset acquired or made by the lessor on terms other than those provided for in the financial leasing.

When the Bank acts as an operating lease, the lease payments are recognized as expenses on a straight-line basis over the lease term. When the Bank is the lessor, operating lease income is recognized on a straight-line basis over the life of the relevant lease.

The costs of the Bank as a lessee for the improvement of an operating lease (modernization, modification, completion, refurbishment, etc.) that led to an increase in the future economic benefits that were initially expected from its use were recorded in the accounting as capital investment in the creation (construction) of other tangible fixed assets. Expenses on the maintenance of non-current assets leased out are reflected in the article “Administrative and other operating expenses” of the Reporting of Profit and Loss and other Comprehensive Income (Reporting of Financial Results).

In 2018 and 2017, the Bank received operating leases, including non-residential premises for the Bank's branches and ATMs. In 2018, the Bank entered into operating lease agreements as a lessor.

4.8. Non-current assets held for sale and disposal groups
The Bank classifies non-current assets as held for sale if the carrying amount of such assets is recovered through a transaction of sale rather than current use.

In 2018, in the balance sheet 3408, the Bank recorded the value of the property for which a decision was made to sell.

Non-current assets are classified as held for sale if the following conditions are met at the date of the decision to recognize their held for sale assets:

- there is a sales plan approved by the Bank's Management Board;
- the state of the assets in which they are located allows for an immediate sale and there is a high degree of probability of their sale within one year from the date of classification:
- active search of buyers is carried out to fulfill the sales plan;
- active marketing program is underway to sell assets at a price comparable to the current market price.

The Bank continues to classify non-current assets as held for sale if no sale has been made during the year due to events or circumstances beyond which the Bank cannot control, and if there is sufficient evidence that the Bank continues to implement the plan for the sale of the non-current asset.

If, on the date of the decision to recognize non-current assets as held for sale, the above conditions are not fulfilled but are fulfilled within three months after the asset is recognized, the Bank has the right to classify them as held for sale.

Prior to initial classification of assets as held for sale, the Bank assesses the carrying amount of the assets, ie revises them for impairment.

Non-current assets held by the Bank for sale are measured and recorded in accounting at the least of two estimates: book value or fair value less costs to sell.

Depreciation on non-current assets held for sale is not charged.

The Bank recognizes an impairment loss in the event of a decrease in the fair value of non-current assets less costs to sell.

In the case of increase in the fair value of non-current assets less costs to sell, the Bank recognizes income, but in an amount that does not exceed previously accumulated impairment losses.

If the Bank did not recognize the impairment of assets and the recovery of their usefulness in the assessment of assets held for sale, the Bank recognizes income or expenses at the date of derecognition.

Non-current assets that do not meet the Bank's recognition conditions are transferred to another category, depending on their intentions for their continued use.

Non-current assets that are no longer classified as held for sale shall be recorded by the Bank at the lower of two estimates from the date of the decision not to sell:

- at carrying amount, which was determined before the date of recognition as assets held for sale. The carrying amount is adjusted for depreciation, impairment losses that would have been recognized had the assets not been classified as held for sale;
- the amount of expected compensation at the date of the decision to refuse the sale.

The Bank adjusts the carrying amount based on the accumulated depreciation, impairment loss and the recognition of such adjustment in the income reporting.

In 2018, the Bank carried out:

- transfer of non-current assets held for sale to current assets (stocks);
- transfer of non-current assets held for sale to fixed assets.

The disposal of non-current assets held for sale did not occur as a result of the sale.

In 2018, the Bank did not incur losses from impairment of non-current assets held for sale.

4.9. Provisions for liabilities
Liabilities provisions are recognized when the Bank has a current legal or constructive obligation arising from past events and it is probable that the use of resources embodying certain economic benefits will be required to repay this liability, and the size of such liability can be estimated reliably.

4.10. Income tax
The Bank's income tax expense is calculated as the sum of current tax expense (current income tax), calculated on the basis of taxable income under tax rules, and deferred tax expense/income (deferred income tax). Deferred income tax arises from the recognition of deferred tax assets and/or deferred tax liabilities.

Deferred tax liabilities are recognized for all temporary differences that are taxable, except when those differences arise from the initial recognition of the asset or liability. A deferred tax asset is recognized for all temporary differences that are deductible to the extent that it is probable that taxable profit will be available aprofitt which the temporary difference that can be applied is deducted, except when the deferred tax asset arises from the original asset or commitment. A sufficient taxable profit is probable when the deferred tax asset can be credited aprofitt the deferred tax liability that belongs to the same tax authority and will be restored within the same period as the asset or in the period in which the loss arising from the asset may be attributed to the preceding or subsequent period. Where there is insufficient deferred tax liability to account for the deferred tax asset, the asset is carried to the extent that it is probable that sufficient taxable profit will be available in the future.

Deferred tax is calculated at the tax rates that are expected to apply in the period of realization of the respective assets or redemption.

Temporary differences are expected to be realized in the next reporting periods, depending on the maturity date or the maturity of the assets and liabilities involved.

Deferred tax assets and deferred income tax liabilities are offset and reported on a net basis in the reporting of financial position (balance sheet) because the Bank has a legally enforceable right to deduct current tax assets from income taxes through current tax liabilities.

The tax code of Ukraine, as of December 2, 2010 N2755-VI and other normative legal acts of the legislation of Ukraine, which during the reporting period were changed by making appropriate changes, were in force for determining the income tax.

The calculation of current and deferred income tax was based on the 18% tax rate.

Income tax information is provided in Note 24 Income Tax Expense.

4.11. Authorized capital and issue income
The authorized capital of the Bank - paid in cash by the participants of the Bank's value of shares, shares of the Bank in the amount specified by the Articles of association. The Bank's equity is the residual interest of the Bank's shareholders in the assets, net of all its liabilities. The Bank adheres to the concept of maintaining financial capital. The bank retains equity invested by the owner. Formation and increase of the authorized capital can be carried out solely through cash contributions. The authorized capital of the Bank is divided into ordinary registered shares. The Bank's equity includes authorized capital, issue differences, general Provisions and other funds, results of previous years, results of revaluation. Issue income is the excess of the amount of funds received from the initial issue or sale of treasury shares (other corporate rights) over their par value or the excess of par value of the shares (other corporate rights) over their redemption value.

The increase (decrease) in the authorized capital of the Bank is carried out in accordance with the procedure established by the National Securities and Stock Market Commission. In accordance with the Law of Ukraine “On Banks and Banking”, “On Joint-Stock Companies” and the Bank's Articles of Association, the decision on the issue of shares is made by the General Meeting of Shareholders of the Bank.

Equity instruments are recognized at fair value through profit or loss.

The Bank may decide, without the right to cancel it further, to recognize the fair value of non-trading equity instruments in other comprehensive income. Upon derecognition of equity instruments carried at fair value through recognition of other comprehensive income, cumulative changes in fair value are not transferred from other comprehensive income to profit or loss, but can only be attributed to another item of capital.

During 2018, the Bank did not conduct redemption transactions for shareholders of its own shares.

4.12. Recognition of income and expenses
Income is an increase in economic benefits during the accounting period in the form of an inflow or increase in the usefulness of assets or in the form of a liability, resulting in an increase in equity, except for an increase in the contributions of participants.

Expenses are a decrease in economic benefits during the accounting period in the form of disposal or amortization of assets or in the form of liabilities, resulting in a decrease in equity, except for a decrease in payments to participants.

Income is recognized in profit or loss when there is an increase in future economic benefit associated with an increase in an asset or a decrease in liabilities and it can be measured reliably.

Expenses are recognized in the income reporting when there is a decrease in future economic benefit associated with a decrease in assets or an increase in liabilities that can be measured reliably. This actually means that the recognition of expenses occurs at the same time as the recognition of an increase in liabilities or a decrease in assets (for example, accruals to employees or depreciation of equipment).

Expenses are recognized in the income reporting on the basis of a direct relationship between the expenses incurred and the income earned on the specific items. This process involves the simultaneous or combined recognition of income and expenses that arise directly and together as a result of the same transactions or other events.

The income and expenses recognized by the Bank are grouped by their nature by the relevant items of the Reporting of Profit and Loss and other Comprehensive Income.

The Bank determines the composition of income and expenses based on its own professional judgment about the nature of the business transactions performed and the general approaches to the nature of the income and expenses and their recognition provided for by IFRS.

The income is recognized by the Bank on an accrual basis and is measured at the fair value of the consideration received or receivable. The Bank receives income in the form of:
- interest (loans, deposits, securities, etc.) recognized using the effective interest method;
- fees for opening and maintaining accounts of individuals and legal entities, including correspondent banks;
- Bank Guarantee Fees, third party surety, which provide for the fulfillment of liabilities in cash; collection of funds, promissory notes, payment and settlement documents and cash services to individuals and legal entities; providing individuals and legal entities with special rooms or safes in them for storing documents and valuables. Income for services rendered is recognized in those accounting periods in which services are provided;
- operating lease income recognized by the Bank on a straight-line basis over the lease term.

4.13. Foreign currency revaluation
The functional currency is the hryvnia. All transactions in foreign currency are recorded by the Bank after initial recognition in the functional currency, applying to the amount in foreign currency the official exchange rate of the National Bank of Ukraine at the date of the transaction. At the end of each reporting period, monetary items are recalculated at the exchange rate, with exchange differences recognized in profit or loss. Non-monetary items that are measured at historical cost are recalculated at the date of the transaction. Non-monetary items that are measured at fair value are recalculated at the exchange rate at the date that the fair value was determined.

Profit or losses arising from the revaluation of a foreign currency are included in the article “Outcome from a foreign currency revaluation” of the Reporting of Profit and Loss and other Comprehensive Income (Reporting of Financial Results).

Hryvnia against foreign currencies, which reflects the assets and liabilities in the financial reporting, effective as of December 31 of the respective years:

	December 31, 2018	December 31, 2017
100 USD	2 768.8264 UAH	2 806.7223 UAH
100 EUR	3 171.4138 UAH	3 349.5424 UAH
10 RUB	3.9827 UAH	4.8703 UAH
100 GBP	3 513.1366 UAH	3 773.3670 UAH
100 CHF	2 824.8096 UAH	2 861.8783 UAH
100 PLN	737.0581 UAH	801.1726 UAH

4.14. Offsetting assets and liabilities items
The offsetting of financial assets and liabilities, with subsequent inclusion in the reporting of financial position (balance sheet) only of their net amount, can be exercised only if there is a legally determined right to offset the recognized amounts, when it is intended to make a calculation based on the net amount or simultaneously realize the asset and pay off liabilities.

During 2018 and 2017, the Bank did not offset assets and liabilities.

4.15. Employee benefits and related deductions
The Bank paid the following payments to employees during 2017 and 2018:
- basic salary - remuneration for work performed in accordance with the established salary/tariff rates of the Bank's employees;
- extra salary - remuneration for work above established standards, for work success and resourcefulness and for special working conditions. It includes surcharges, allowances, guarantees and indemnities provided by applicable law; bonuses related to the performance of production tasks and functions;
- other incentive and compensatory payments - in the form of remuneration for the year's work, bonuses for special systems and regulations, compensation and other monetary and material payments that are not provided for by the acts of the current legislation, or which are carried out in excess of the norms specified by the said acts;
- other non-payroll payments.

All taxes, fees and other mandatory payments are charged, deducted and transferred with each payment of salaries and other charges within the time limits and in accordance with the requirements of the legislation of Ukraine.

Salaries not deposited within ten business days are deposited.

4.16. Information by operating segments
The Bank uses the following procedure to identify reporting segments:
- identifies operating segments based on the Bank's management reporting system;
- determines whether the identified segments meet all of the grouping criteria set out in IFRS 8 “Operating Segments”;
- determine whether the operating segments meet the quantitative thresholds defined in IFRS 8 “Operating Segments”;
- information about operating segments that do not meet the quantitative thresholds is combined with information about other operating segments that do not meet the quantitative thresholds, if the operating segments have similar economic characteristics and a common majority of grouping criteria;
- additional operating reporting segments are identified (even if they do not meet the criteria of grouping) if the total external income reported in the operating segment reporting is less than 75% of the Bank's income;

- the remaining segments are grouped into the “all other segments” category.

Segments of activity are reported separately by the bank if most of its income is generated from banking activities outside the segment and at the same time its performance met one of the following criteria:
- segment income is 10% or more of total income (including intra-segment banking) of all Bank segments;
- the financial result (profit or loss) of a segment is not less than 10% of the greater of the two absolute values - the total profit or loss for all segments of the Bank;
- segment assets account for 10% or more of the Bank's total assets.

In view of the internal organizational structure and internal reporting system, the Bank has identified the following operating segments: services to corporate clients, services to individuals, interbank operations, other segments and operations.

Corporate clients include legal entities and natural persons - entrepreneurs, including: industrial enterprises, agricultural enterprises, non-bank financial institutions (insurance companies), trade and services. This segment also includes transactions with securities, including securities of the National Bank of Ukraine.

Individuals include: individuals - employees of the Bank and employees of enterprises that are corporate clients of the Bank, other individuals. This operating segment also includes currency purchasing/selling transactions, payment card transactions.

Interbank transactions include: demand funds at other banks, funds demanded by other banks, operations to raise funds in the interbank market, operations to place funds in the interbank market, SWOP operations.

Other transactions include demand deposits with the National Bank of Ukraine.

Operating segment income and expense represent all income and expense that is incurred during the reporting period and is directly attributable to the segment.

Income and expense attribution to the relevant units, followed by attribution to the relevant segments is made using management accounting data. Similarly, assets and liabilities are classified as operating segments.

Segment assets include those assets used by a segment in its business that can be directly attributed to that segment or reasonably allocated to that segment. Segment assets do not include income tax assets.

Segment liabilities include those liabilities that arose from the segment's activities that can be directly attributed to that segment or reasonably allocated to that segment.

As of the end of 2018, the Bank did not calculate pricing between segment operations.

The Bank operates in one geographical segment in the territory of Ukraine and therefore the geographical segment report is not submitted.

Pricing principles for cross-segment transactions: Pricing for cross-segment transactions is not carried out.

Basis for the breakdown of income and expenses by segment: according to the plan of accounts, according to the financial reporting for balances and turnovers on analytical accounts.

Information about the Bank's reporting segments is reflected in Note 26 Operating Segments.

4.17. Related party transactions

The Bank carries out transactions with related parties in accordance with the banking license and written permission to carry out operations, provided by the National Bank of Ukraine, subject to the restrictions set by the current legislation of Ukraine, regulatory acts of the National Bank of Ukraine, International Accounting Standard 24 (IAS 24) and the Bank's internal regulations. For this purpose, the Bank has a number of internal regulatory documents, namely: Regulation on the determination of related parties of MOTOR-BANK JSC, approved by the Bank's Board, according to which the affiliation of the Bank's counterparties to the circle of related parties is conducted, the Regulation on operations with persons related to MOTOR-BANK JSC, which regulates the procedure for implementation, control and supervision of transactions with related parties.

The Regulations have been developed in accordance with the Laws of Ukraine "On Banks and Banking in Ukraine" (hereinafter - the Law on Banks), "On Financial Services and State Regulation of Financial Services Markets", Regulation on the determination of bank-related entities, approved by the resolution of the Board of the National Bank of Ukraine dated 12.05.2015 No. 315 (hereinafter - Regulation No.315) of the Bank's Articles of Association, taking into account the requirements of International Accounting Standard 24 (IAS 24).

Entities associated with the Bank are legal entities or individuals defined by the Law and Regulation No. 315, in accordance with the requirements of International Accounting Standard 24 (IAS 24).

Bank-related entities database - a defined list of entities who are clients of the Bank and who are related to the Bank in relation to the Bank.

The Bank determines the list of entities related to the Bank, which is approved by the Board of the Bank, in accordance with the requirements of Article 52 of the Law on Banks, Regulation No.315.

The Bank makes changes to the list of entities related to the Bank on the basis of changes in information about an entity identified with the Bank, the identification of new entities related to the Bank, etc.

The Bank shall ensure that appropriate information systems are in place to identify active transactions with related entities, maintain a list of related entities of the Bank, determine the volume of transactions for each related entity, and the total volume of such transactions for the purpose of monitoring them.

4.18. Changes in accounting policies, accounting estimates, correcting material errors and reporting them in the financial reporting.

The Bank first adopted IFRS 9 and IFRS 15. The nature and impact of the changes resulting from the application of these financial reporting standards are described below.

In 2018, some other amendments to standards and interpretations that did not affect the Bank's financial reporting were also applied for the first time. The Bank did not apply early standards, clarifications or amendments that were issued but have not yet entered into force.

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 and is effective for annual periods beginning on or after January 1, 2018.

The Bank did not transfer comparative information for 2017 for financial instruments that are within the scope of IFRS 9. Therefore, the comparative information for 2017 is presented in accordance with IAS 39 and is not comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 have been recognized directly in retained earnings as of January 1, 2018 and are disclosed in the Tables below.

Change of classification and evaluation principles

In accordance with IFRS 9, for the purpose of classifying and defining the valuation category, all financial assets, with the exception of equity instruments and derivatives, should be valued on the basis of the business model used by the Bank to manage the financial assets, combined with the characteristics of the instrument associated with the cash flows provided for in the contract.

The financial asset valuation categories provided for in IAS 39 (measured at fair value through profit or loss (FVTPL) available for sale, held to maturity and measured at fair value) have been replaced by the following categories:

- debt instruments that are measured at amortized cost;
- debt instruments that are measured at fair value through other comprehensive income (FVOCI);
- financial assets that are measured at fair value through profit or loss (FVTPL).

The accounting for financial liabilities has remained virtually the same as in accordance with IAS 39, except for the accounting for profit and losses arising from the entity's own credit risk for liabilities classified by the Bank as assessed acc.to FVTPL. Such changes are reported in the OCI and subsequently are not reclassified to net profit or loss.

Change in the valuation principles of impairment

Adoption of IFRS 9 radically reverses the accounting for impairment losses on loans, resulting in the replacement of the IAS 39 impairment loss model over the estimated expected credit loss (ECL) model. IFRS 9 requires that the Bank establishes a provision for ECL for all loans and

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other debt financial assets that are not assessed under the FVTPL, as well as liabilities to provide loans and financial guarantee contracts. Such a provision for impairment is based on the value of the ECL associated with the probability of default over the next 12 months, unless there has been a significant increase in credit risk since initial recognition. If a financial asset meets the definition of a purchased or originated credit-impaired financial assets (POCI financial assets), then the impairment Provision is based on a change in an ECL throughout the life of the asset. The quantitative effect of IFRS 9 as of January 1, 2018 is presented in the Tables below.

IFRS 7R

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial Instruments: Disclosures have been amended and the Bank has adopted this standard together with IFRS 9 since January 1, 2018. The changes relate to transition disclosures as described in Note 4.18, and detailed quantitative and qualitative information regarding the determination of ECLs, such as the assumptions used and the output given in the Table below.

Changes in accounting policies arising from the implementation of IFRS 9 apply retrospectively, except as follows:

- the Bank uses the ability not to restate comparative information for prior periods due to changes in classification and rating (including impairment); changes in the carrying amount of financial assets and financial liabilities arising from the application of IFRS 9, recognized by adjusting the earnings balance of retained earnings as of January 1, 2018;
- the following estimates were made on the basis of the facts and circumstances existing at the date of first application:
- defining the business model of a financial asset.

Effect of IFRS 9 application.
Approval of changes to the articles of the reporting of financial position under IAS 39 and IFRS 9 as of January 1, 2018:

(th. UAH)

Item name	Carrying value in accordance with IAS 39 as at December 31, 2017	Reclas-sification	Revaluation of expected credit losses	Carrying value in accordance with IFRS 9 as of January 1, 2018
ASSETS				
Cash and cash equivalents	63 908	-	-	63 908
Bank loans and debt	100 118	-		98 470
Customer loans and debt	655 243	-		661 637
Financial investments at fair value through profit/loss	-	-	-	-
From category: "Securities in the Bank's Portfolio before Maturity"	440 508	(440 508)	-	-
In the category: “Financial investments at amortized cost”		440 508	-	440 508
Investment property	50	-	-	50
Receivables in respect of current income tax	817	-	-	817
Deferred tax asset	588	-	-	588
Fixed assets and intangible assets	39 438	-	-	39 438
Other assets	25 866	-	(417)	25 449
including other financial assets	11 664	-	(417)	11 247
Non-current assets held for sale and assets of the disposal group	3 962	-	-	3 962
Total assets	**1 330 498**	**-**	**4 329**	**1 334 827**
LIABILITIES				
Customer funds	1 048 824	-	-	1 048 824
Current income tax liabilities	-	-	-	-
Provisions for liabilities	-	-	4 961	4 961
Other liabilities	6 229	-	-	6 229
Total liabilities	**1 055 053**	**-**	**4 961**	**1 060 014**
EQUITY				
Authorized capital	200 000	-	-	200 000
Equity differences	39 012	-	-	39 012
Provision and other funds of the bank	4 247	-	-	4 247
Retained profits (uncovered losses)	32 186	-	(632)	31 554
Total equity	**275 445**	**-**	**(632)**	**274 813**
Total liabilities and equity	**1 330 498**		**4 329**	**1 334 827**

The reclassification of assets from the category "Securities in the Bank's Portfolio before Maturity" into the category "Financial investments at amortized cost" is not due to changes in accounting models, but is the result of the adoption of IFRS 9.

As of January 1, 2018, the Bank's portfolio of held-to-maturity instruments did not contain any debt instruments that did not meet the SPPI test criteria. Therefore, the Bank has classified all such instruments as debt instruments, which are measured at amortized cost.

The following table provides an overview of the beginning of the period of the cumulative amount of loan impairment provisions measured in accordance with IAS 39 and the estimated loan liabilities and financial guarantee contracts evaluated in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, with the value of ECL provisions calculated in accordance with IFRS 9.

The reconciliation of a change in the provision for impairment of financial assets under IAS 39 and a provision in IAS 37 to a provision for expected credit losses under IFRS 9:

(th. UAH)

Item of financial position report	Carrying value in accordance with IAS 39 as at December 31, 2017	Reclas-sification	Revaluation of expected credit losses	Carrying value in accordance with IFRS 9 as of January 1, 2018
ASSETS				
Bank loans and debt	110	-	1 648	1 758
Customer loans and debt	24 323	-	(6 394)	17 929
Other assets	82	-	417	499
including other financial assets	82		417	499
Total assets	**24 515**	**-**	**(4 329)**	**20 186**
LIABILITIES				
Provisions for liabilities (Provisions for liabilities of loan and financial guarantees)	-	-	4 961	4 961
Total:	**24 515**	**-**	**632**	25 147

Changes in the structure of provisions are caused by the transition to a model of 'expected' credit loss approaches to assessing credit losses under IFRS 9, and are not the result of a change in risk for individual counterparties.

Impact on retained earnings and equity from the transition to IFRS 9

(th. UAH)

Retained earnings	
As of December 31, 2017 under IAS 39	**32 186**
Recognition of the provision for expected credit losses under IFRS 9	4 329
Provisions for liabilities under IFRS 9	(4 961)
As of January 1, 2018 under IFRS 9	**31 554**
Total impact on equity since the transition to IFRS 9	**(632)**

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue and Related Interpretations and, with some exceptions, applies to all items of income arising from contracts with customers. To account for revenue arising from contracts with customers, IFRS 15 provides for a five-step model that requires revenue to be recognized in the amount of consideration that the Bank expects to receive in exchange for the transfer of goods or services to the customer.

IFRS 15 requires the Bank to make judgments and take into account all relevant facts and circumstances when applying each stage of a model to a customer contract. The standard also contains requirements for accounting for additional contract costs and costs directly related to the performance of the contract. In addition, the standard requires a large amount of information to be disclosed.

The Bank has implemented IFRS 15 using the full retrospective application method. Information on the impact of the transition to the standard on current period data has not been disclosed since the standard provides for an optional simplification of a practical nature. The Bank did not apply any other practical simplifications available.

The changes did not affect the Bank's financial position or financial results.

IFRIC 22 Foreign Currency Transactions and Advance Payment
The explanation clarifies that the date of the transaction for the purpose of determining the exchange rate to be used in the initial recognition of an asset, expense or income (or part of it) in the event of derecognition of a non-monetary asset or non-monetary liability arising from the act or prepayment is the date on which the Bank first recognizes a non-monetary asset or non-monetary liability that arose from the payment or prepayment.

In the case of several transactions of making or receiving prepayment, the Bank shall determine the date of the transaction for each payment or prepayment. This interpretation does not affect the Bank's financial reporting.

Amendments to IAS 40 - Transfer of Investment Property from Category to Category
The amendments clarify when the Bank is required to transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in the nature of use occurs when the real estate object begins or ceases to meet the definition of investment property and there is evidence of a change in the nature of its use. Changes in management's intentions to use a property do not in themselves indicate a change in the nature of its use. These amendments do not affect the Bank's financial reporting.

Amendments to IFRS 2 - Classification and Measurement of Share-Based Payment Transactions
The IFRS Board has issued amendments to IFRS 2 Share-based Payment, which address three main aspects: the impact on the valuation of share-based payment transactions with cash-flow conditions; classification of share-based payment transactions that provide for the possibility of settling on a net basis for liabilities from withholding tax; accounting for changes in the terms of the share-based payment transaction, which should result in the transaction being classified as a unit trust transaction and not as a cash settlement transaction. When applying amendments for the first time, the Bank does not have to restate information for prior periods, but retrospective application is permitted provided that the amendments are applied to all three aspects and other criteria are met. These amendments do not affect the Bank's financial reporting.

Amendments to IFRS 4 - Application of IFRS 9 Financial Instruments together with IFRS 4 Insurance Contracts
These amendments eliminate the problems arising from the application of the new standard in financial instruments, IFRS 9, prior to the adoption of IFRS 17 "Insurance Contracts", which replaces IFRS 4. The amendments provide for two options for organizations that issue insurance contracts: temporary exemption from IFRS 9 and the method of imposition. These amendments are not applicable to the Bank.

Amendments to IAS 28 Investments in Associates and Joint Ventures
These amendments clarify that the decision to evaluate the fair value of investments for profit or loss should be made separately for each investment.

The amendments clarify that an entity specializing in venture investments or another similar entity may decide to evaluate an investment in associates and joint ventures at fair value through profit or loss, separately for each such investment upon initial recognition. If an entity that is not itself an investment company has a stake in an associate or joint venture that is an investment entity, then when applying the equity method, that entity may decide to retain the fair value measurement applied by its associate or joint venture, an investment entity, to its own interests in the subsidiaries. Such decision shall be taken individually for each associate or joint venture which is an investment entity, at a later date than: (a) the date of initial recognition of the associate or joint venture which is an investment entity; (b) the date on which the associate or joint venture becomes an investment entity; and (c) the date on which the associate or joint venture, which is an investment entity, first becomes a parent. These amendments do not affect the Bank's financial reporting.

Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards"
These amendments exclude a number of short-term exemptions for first-time adopters.

The short-term exemptions provided for in paragraphs E3-E7 of IFRS 1 have been excluded because they have fulfilled their purpose. These amendments do not affect the Bank's financial reporting.

4.19. Significant accounting judgments and estimates, their impact on the recognition of assets and liabilities
The preparation of the Bank's financial reporting requires management to make judgments, estimates and assumptions that affect the amounts of income, expenses, assets and liabilities that are reported in the financial reporting, as well as the disclosure of relevant information and the disclosure of contingent liabilities. Uncertainty about such assumptions and estimates can lead to results that require material adjustments to the carrying amount of assets or liabilities that will be affected in the future. In the process of applying the Bank's accounting policies, management has made such judgments and assumptions about the future and other major sources of uncertainty at the reporting date that present a significant risk that the carrying amount of assets and liabilities will be materially adjusted in the next financial year.

Existing circumstances and assumptions about future developments may change as a result of events beyond the control of the Bank, which are reflected in the assumptions, if or when they occur. The items that have the most significant impact on the amounts recognized in the consolidated financial reporting and for which management has used significant judgments and/or estimates are considered below, taking into account the judgments/estimates adopted.

Management makes its judgments and makes professional judgments on an ongoing basis. Such estimates and judgments of management are based on information available to management at the date of preparation of the financial reporting. Accordingly, actual results may differ from such estimates and assumptions. In addition to judgments involving accounting estimates, the Bank's management also uses professional judgment to apply accounting policies. The professional judgments that have the most significant effect on the amounts reported in the financial reporting and the estimates that could result in significant adjustments to the carrying amount of assets and liabilities during the next financial year include:

Impairment losses on financial assets
The Bank's accounting policies under IFRS 9 have not changed in comparison with those used in accordance with IAS 39. Financial assets are written off, either in whole or in part, only when the Bank no longer expects them to recover their value. If the amount to be written off is greater than the amount of the accumulated impairment loss, the difference is initially taken into account as an increase in the valuation reserve, which is then applied to the gross carrying amount. Any further recoveries are for credit losses.

The assessment of impairment losses in accordance with IFRS 9 and in accordance with IAS 39 for all categories of financial assets requires the use of judgment, in particular, in determining impairment losses and assessing a significant increase in credit risk, it is necessary to estimate the magnitude and timing of future cash flows and the cost of collateral.

The ECL calculations of the Bank are the result of complex models that include a number of basic assumptions about the choice of input variables and their interdependencies. The elements of the ECL calculation models that are considered judgments and estimates are as follows:
• the criteria used by the Bank to assess whether there has been a significant increase in credit risk, whereby a provision for impairment of financial assets should be valued at an amount equal to the full-value ECL and a qualitative assessment;
• pooling of financial assets when the ECLs are measured on a group basis;
• development of models for calculating ECL, including different formulas and selection of input data;
• macroeconomic data, such as the level of devaluation, as well as their impact on PD, EAD and LGD;
• selection of forecast macroeconomic scenarios and weighing them, taking into account the probability to obtain economic baseline data for the models of the ECL estimation.

The Bank's policy provides for regular review of models, taking into account actual losses and adjusting them when necessary.

The valuation of impairment losses requires the use of significant professional judgment. The Bank reviews its loans regularly to assess whether they are impaired. The Bank assesses impairment losses to maintain provisions at a level that management believes would be sufficient to cover the expected losses on the Bank's loan portfolio. The calculation of provisions for losses is based on the likelihood of an asset being written off and the expected loss on such an item. These estimates are made using statistical techniques based on historical experience. The results obtained are adjusted based on the professional judgment of management.

The Bank uses the management's professional judgment to estimate the amount of the expected impairment loss in cases where the borrower is experiencing financial difficulties and there are little available sources of historical information related to similar borrowers. Similarly, the Bank assesses changes in future cash flows based on past performance, past customer behavior available to monitor information indicating adverse changes in the solvency of borrowers within the group, and the nationwide or local economic situation that is associated with default on the assets within the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment that are similar to a group of similar loans. The Bank's management uses professional judgment to adjust observable credit group information to reflect current circumstances that are not reflected in historical data.

The amounts of provisions for impairment of financial assets in the financial reporting have been determined on the basis of existing economic and political conditions, taking into account the forecast data on changes in the economic and political situation in Ukraine.

Deferred tax assets
Deferred tax assets are recognized for all temporary differences that relate to tax expense, to the extent that it is probable that taxable profit will be available against which these temporary differences that are attributable to tax expense can be realized. The estimation of probability is based on management's forecasts for future taxable profit and is supplemented by subjective judgments of the Bank's management. Based on estimates made in 2018 and taking into account plans for future development, the Bank recognized deferred tax assets to the extent that there is expected to be sufficient tax revenue in future periods.

Continuity of activity
These financial reporting have been prepared on the assumption that the Bank is able to continue its activity on an ongoing basis for the foreseeable future.

Tax legislation.
Due to the existence of provisions in the Ukrainian economic, including tax, legislation that allow more than one interpretation, as well as due to practices that have developed in a generally volatile economic environment through arbitrary interpretation by the tax authorities of various aspects of economic activity, the Bank may be forced to recognize additional tax liabilities, penalties and charges if the tax authorities question certain interpretations based on the judgment of the Bank's management. Tax records remain open for review by tax authorities for three years.

Fair value of real property
Property occupied by the Bank is subject to regular revaluation. Such revaluation is based on the results of the valuation, an independent valuation company that used professional judgment and valuation during the valuation to determine the analogues of the buildings, the useful life of the assets and the rates of capitalization of income.

Fair value of mortgage property.
To mitigate credit risk on financial assets, the Bank seeks to use collateral where possible. Collateral takes many forms, such as cash, securities, letters of credit/guarantees, immovable property, accounts receivable, inventories, movable property and more. The Bank's accounting policies for collateral received under IFRS 9 are the same as those under IAS 39. Collateral, except when it is recovered, is not recorded in the reporting of financial position of the Bank. However, the fair value of the security is taken into account when determining the ECL. As a rule, it is valued at least at the time of the contract and is revalued periodically. However, some

types of collateral, such as cash or securities that are subject to collateral, are evaluated on a daily basis.

Whenever possible, the Bank uses active market data to estimate the financial assets held as collateral. Other financial assets that do not have an easily identifiable market value are measured using models. Non-financial collateral, such as real property, is estimated on the basis of data provided by valuation entities.

In determining the value of mortgaged property, the appraised value was used, which was based on the professional opinion of the valuation specialists. Estimating the fair value of collateral requires the formation of judgments and assumptions about the comparability of property and other factors. Based on the foregoing, the loan impairment provision may be affected by the use of the appraised value of the mortgaged property. In establishing provisions for loan impairment losses, the Bank calculated the present value of the estimated future cash flows from the secured loan that may result from the debtor's foreclosure taking into account the liquidity of the pledge and less the costs of maintaining and selling the collateral, regardless of the probability of the foreclosure. The types of collateral taken into account for calculating future cash flows on the loan are determined by the Bank, taking into account the requirements of the International Convergence of Capital Measurement and Capital Standards (Basel II).

Initial recognition of related party transactions.
In the normal course of business, the Bank conducts transactions with related parties. IAS 39 requires accounting for financial instruments at initial recognition at fair value. In the absence of an active market for such transactions, professional judgment is used to determine whether such transactions were carried out at market or non-market prices and rates. The basis for such judgments is the pricing of such financial instruments and their transactions, including an analysis of the effective rate and the parameters of the transactions.

5. STANDARDS, AMENDMENTS AND CLARIFICATIONS THAT HAVE BEEN ISSUED BUT HAVE NOT YET ENTERED INTO FORCE
The following are new standards, amendments and interpretations that have been issued but have not yet entered into force on the date of the Bank's financial reporting. The Bank intends to apply these standards, amendments and interpretations, as appropriate, from the effective date.

IFRS 16 Lease
IFRS 16 was issued in January 2016 and replaces IAS 17 Lease, IFRIC 4 Determination of the Lease Arrangement, SIC 15 Operating Leases – Incentives and Interpretation of SIC 27 Evaluating the Substance of Transactions in the Legal Form of a Lease. IFRS 16 establishes the principles for recognizing, measuring, presenting and disclosing leases and requires that lessees report all leases using a single accounting model in the balance sheet, similar to the accounting framework provided for in IAS 17 for financial leases. The standard provides for two exemptions for lessees - for the lease of low-value assets (such as personal computers) and short-term leases (i.e. leases with a maximum term of 12 months). At the lease commencement date, the lessee will recognize the lease payment liability (that is, the lease liability) as well as the asset that represents the right to use the underlying asset during the lease term (that is, the right to use asset). Lessees will be required to recognize interest expense on the lease liability separately from the cost of amortizing the asset in the form of a right of use.

Lessees will also need to reassess their lease liability in the event of an event occurring (for example, changing leases, changing future rental payments as a result of an index change, or rates used to determine such payments). In most cases, the lessee will consider the revaluation of the lease liability as an adjustment to the asset in the form of a right of use.

The accounting for a lessor in accordance with IFRS 16 is virtually unchanged from the current IAS 17 requirements. Landlords will continue to classify leases using the same classification principles as in IAS 17, highlighting at the same time two types of lease: operating and financial.

IFRS 16, effective for annual periods beginning on or after January 1, 2019, requires lessors and lessees to disclose more information than IFRS 17.

The Bank does not expect that this standard will affect its financial reporting.

IFRS 17 Insurance Contracts
In May 2017, the IFRS Board issued IFRS 17 Insurance Contracts, a new comprehensive financial reporting standard for insurance contracts that addresses the recognition and measurement, presentation and disclosure issues. When IFRS 17 becomes effective, it will replace IFRS 4 Insurance Contracts, which was issued in 2005. IFRS 17 applies to all types of insurance contracts (that is, non-life and non-life insurance, direct insurance and reinsurance), regardless of the type of entity that issues them, as well as certain guarantees and financial instruments with discretionary terms. There are a few exceptions to the scope. The primary purpose of IFRS 17 is to provide a model of accounting for insurance contracts that is more effective and consistent for insurers. Unlike the requirements of IFRS 4, which are largely based on previous local accounting policies, IFRS 17 provides a comprehensive model of accounting for insurance contracts, covering all relevant accounting aspects. Underlying IFRS 17 is a general model supplemented by the following:

- Some modifications to direct participation insurance contracts (variable remuneration method).
- Simplified approach (premium-based approach) mainly for short-term contracts.

IFRS 17 becomes effective for periods beginning on or after January 1, 2021, and comparative information is required. Advance application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the first application of IFRS 17. This standard is not applicable to the Bank.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments
The Interpretation addresses the accounting for income taxes in the context of uncertainty surrounding tax interpretations that affect the application of IAS 12. The interpretation does not apply to taxes or fees that are outside the scope of IAS 12, but also does not contain specific requirements regarding interest and penalties related to uncertain tax treatment. In particular, the clarification addresses the following issues:

- does the organization treat the indefinite tax treatment separately;
- assumptions the organization makes regarding tax audits by tax authorities;
- how an organization determines taxable profit (tax loss), tax base, unused tax losses, unused tax benefits, and tax rates;
- how the organization views changes in facts and circumstances.

An organization must decide whether to treat each indefinite tax treatment individually or in conjunction with one or more other indefinite tax interpretations. An approach must be used to more accurately predict the outcome of the uncertainty solution. The Interpretation is effective for annual periods beginning on or after January 1, 2019. Some easing is allowed during the transition. The Bank applies the clarification from the date of its entry into force.

The Bank does not expect these disclosures to affect its financial reporting.

Amendments to IFRS 9 Prepayment features with negative compensation
Under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are "solely payments to the principal and interest on the outstanding portion of the principal" (SPPI criterion) and the instrument is held within the relevant business model to enable such classification. Amendments to IFRS 9 clarify that a financial asset meets the SPPI criterion, regardless of what event or circumstance results in the early termination of the contract, and regardless of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments shall apply retrospectively and shall enter into force for annual periods beginning on or after January 1, 2019. The Bank does not expect that these amendments will affect its financial reporting.

Amendments to IFRS 10 and IAS 28 - Sales or contributions of assets between an investor and its associate/joint venture

The amendments address inconsistencies between IFRS 10 and IAS 28 in accounting for the loss of control of a subsidiary that is sold to or affiliated with an associate or joint venture. The amendments clarify that the profit or loss arising from the sale or contribution of an entity's business as defined in IFRS 3 is recognized in full in an agreement between the investor and its associate or joint venture. However, the profit or loss arising from the sale or contribution of non-business assets is recognized only to the extent of the participating interests of investors in the associate or joint venture, other than the entity. The IFRS Board postponed the effective date of these amendments indefinitely, but the organization applying these amendments early should apply them promisingly. The Bank does not expect that these amendments will affect its financial reporting.

Amendments to IAS 19 regarding plan amendments, curtailments, and settlements
Amendments to IAS 19 consider the accounting for when plan amendments, curtailments, and settlements occur during the reporting period. The amendments clarify that if plan amendments, curtailments, and settlements occur during the reporting period, the entity shall:

- determine the cost of current period services for the remainder of plan amendments, curtailments, and settlements, based on the actuarial assumptions used to reassess the net defined benefit liability (asset) of the defined benefit plan, program offerings and program assets after the event;
- determine the net amount of the interest for the remainder of plan amendments, curtailments, and settlements, using: a net defined benefit liability (asset) reflecting program benefits and assets programs after this event; and the discount rate used to reassess this net liability of the defined benefit program.

The amendments also clarify that an entity must first determine past service cost or profit or loss on repayment of liabilities, without taking into account the impact of the asset ceiling. This amount is recognized in profit or loss. The entity must then determine the impact of the asset limit after the program has been amended, reduced or the program is fully repaid. Changes in this effect, except for the amounts included in the net interest, are recognized in other comprehensive income.

These amendments apply to plan amendments, curtailments, and settlements that occurred on or after the beginning of the first annual reporting period beginning on or after January 1, 2019. Application is allowed. The Bank does not expect that these amendments will affect its financial reporting.

Amendments to IAS 28 - Long-term interests in Associates and Joint Ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture that do not apply the unit method but which, in essence, form part of the net interest in the associate or joint venture (long-term interests). This clarification is important because it implies that such long-term interests are subject to the IFRS 9 model.

The amendments also clarify that when IFRS 9 applies, the entity does not take into account the losses incurred by the associate or joint venture or the impairment loss on net interests recognized as adjustments to the net interests in the associate or joint venture arising from the application of IFRS 28 Interests in Associates and Joint Ventures.

These amendments apply retrospectively and are effective for annual periods beginning on or after January 1, 2019 or after that date. Early application is allowed. As the Bank does not have such long-term interests in an associate or joint venture, these amendments will not affect its financial reporting.

IFRS Annual Improvements, 2015-2017 (Issued in December 2017)
These improvements include the following amendments:

IFRS 3 Business Combinations

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The amendments clarify that if an entity obtains control of a business that is a joint operation, it must apply the step-by-step business combination requirements, including the revaluation of previously available shares in the assets and liabilities of the joint venture at fair value. In doing so, the acquirer must reassess all previously available share of participation in joint operations.

An entity shall apply the amendments to a business combination that is on or after the first annual reporting period beginning on or after January 1, 2019. Early application is allowed. The Bank does not expect that these amendments will affect its financial reporting.

IFRS 11 Joint Arrangements
A party that is a party to joint operations but does not have joint control may obtain joint control of joint operations, the business of which is a business, as that term is defined in IFRS 3. The amendments clarify that in such cases, the previously existing interests in the joint operation will not be overestimated.

An entity shall apply those amendments to agreements in which it receives joint control for a date that is the same or after the beginning of the first annual reporting period, beginning on or after January 1, 2019. Early application is allowed. The Bank does not expect that these amendments will affect its financial reporting.

IAS 12 Income Tax
The amendments clarify that the tax consequences of dividends are more related to past transactions or events that generated profit for distribution than to distributions between owners. Accordingly, the Bank should recognize the tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the Bank initially recognized past transactions or events.

The Bank is required to apply these amendments to annual reporting periods beginning on or after January 1, 2019. Early application is permitted. The first time these amendments are applied, the Bank should apply them to the tax consequences of dividends recognized on or after the earliest comparative period. Due to the fact that the Bank's current policy complies with the amendments, the Bank does not expect that these amendments will affect its financial reporting.

IAS 23 Borrowing Costs
The amendments clarify that the Bank should account for loans obtained specifically for the acquisition of a qualifying asset as part of general purpose loans when substantially all the work required for the asset preparation for its intended purpose or sale has been completed.

An entity shall apply the amendment to borrowing costs incurred at the beginning of the annual reporting period in which the entity first applies the amendment or after that date. An entity shall apply these changes to annual reporting periods beginning on or after January 1, 2019. Application prior to this date is allowed. As the Bank's current policies are in compliance with the amendments, the Bank does not expect that the amendments will affect its financial reporting.

6. CASH AND CASH EQUIVALENTS

(th. UAH)

Line	Item name	2018	2017
1	Cash money	78 146	44 357
2	Money in the National Bank of Ukraine (with exception of required reserves)	40 152	19 551
3	Deposits and overnight credits in banks:	-	-
3.1	of Ukraine	-	-
3.2	of other countries	-	-
4	**Total cash and cash equivalents**	**118 298**	**63 908**

Data on cash and cash equivalents are indicated in the “Report of financial position” in line 1.

As of 2018 and 2017, remaining balance of the Bank's funds held in correspondent accounts with other banks are indicated in Note 7, line 2**.**

7. BANK LOANS AND DEBT

Table 7.1. Bank loans and debt

(th. UAH)

Line	**Item name**	**2018**	**2017**
1	Loans granted to other banks:	-	-
1.1	Short-time loans	-	-
1.2	Long-term loans	-	-
2	Correspondent accounts in banks:	233 441	100 228
2.1	of Ukraine	229 262	99 777
2.2	of other countries	4 179	451
3.2	Loan loss and bank debt provision	(1 097)	(110)
4	**Total Bank loans and debt exclusive of provisions**	**232 344**	**100 118**

Data on bank loans and debt are indicated in Report of Financial Position in the line No. 2.

As of 2018 and 2017, remaining balances of the Bank's funds which was held in correspondent accounts with other banks, were set in counterparty banks, which were not bust or liquidated, in which temporary administration were not brought into and which were not located in the offshore territory.

All the other remaining balances of the Bank, which were set on correspondent accounts in banks of other countries, now are set in counterparty banks, risk of which was estimated with an allowance for risk of the country of counterparty bank.

In the line No. 3 “Loan loss and bank debt provision” are showed provisions for correspondent accounts depending on the risk of the country of rating of counterparty banks grated by authorized rating agency.

Debt of other banks is unsecured.

Table below shows the credit quality in view of ECL as of year-end 2018.

Table 7.2. Analysis of credit quality of bank loans and debt as of 2018

(th. UAH)

Line	Item name	Stage 1 / Basket 1	Stage 2 / Basket 2	Stage 3 / Basket 3	Acquired or originated impaired assets	Total
1	Bank loans and debt, which are recorded at amortized cost:	233 441	-	-	-	233 441
1.1	Minimal credit risk	233 441	-	-	-	233 441
1.2	Low credit risk	-	-	-	-	-
1.3	Average credit risk	-	-	-	-	-
1.4	High credit risk	-	-	-	-	
1.5	Legacy loans	-	-	-	-	-
2	Total gross carrying amount of Bank loans and debt, which are recorded at amortized cost	233 441	-	-	-	233 441
3	Loan loss and bank debt provision, which are recorded at amortized cost	(1 097)	-	-	-	(1 097)
4	**Total Bank loans and debt, which are recorded at amortized cost exclusive of provisions**	**232 344**	-	-	-	**232 344**

Below is given an analysis of other banks' credit quality debt as of December 31, 2017

Table 7.3. Analysis of other banks' credit quality debts as of December 31, 2017

(th. UAH)

Line	Item name	Loans	Correspondent accounts in banks	Total
1	Undue and impaired:	-	100 228	100 228
1.1	in 20 largest banks	-	99 764	99 764
1.2	in other banks of Ukraine	-	13	13
1.3	in banks of other countries	-	451	451
2	Impaired funds estimated on personal basis	-	-	-
3	Funds from other banks before provision	-	100 228	100 228

4	Impaired funds from other banks provision	-	(110)	(110)
5	**Total funds from other banks exclusive of provision**	**-**	**100 118**	**100 118**

Table 7.4. Analysis of credit quality of bank loans and debt according to the IFRS 9 as of January 01, 2018

(th. UAH)

Line	Item name	Stage 1 / Basket 1	Stage 2 / Basket 2	Stage 3 / Basket 3	Impairment assets acquired or created	Total
1	Bank loans and debt, which are recorded at amortized cost:	100 228	-	-	-	100 228
1.1	Minimal credit risk	100 228	-	-	-	100 228
1.2	Low credit risk	-	-	-	-	-
1.3	Average credit risk	-	-	-	-	-
1.4	High credit risk	-	-	-	-	-
1.5	Legacy loans	-	-	-	-	-
2	Total gross carrying amount of Bank loans and debt, which are recorded at amortized cost	100 228	-	-	-	100 228
3	Loan loss and bank debt provision, which are recorded at amortized cost	(1 758)	-	-	-	(1 758)
4	**Total Bank loans and debt, which are recorded at amortized cost exclusive of provisions**	**98 470**	-	-	-	**98 470**

Table below shows ECL expenses for bank loans and debt as of 2018 recognized as part of profit or loss and losses from the impairing as of 2017 recognized as part of profit or loss according to the IAS 39.

Table 7.5. Analysis of changes of loan loss and bank debt provision

(th. UAH)

Line	Item name	2018	2017
1	Impairment provision for loans as of beginning of the period	110	5 425
2	Increasing / (reduction) of impairment provision for loans over a period*	(662)	(5 028)
3	Changes caused by the application of IFRS 9	1 648	-
4	Effect of conversion in a currency of reporting	1	(287)
5	**Impairment provision for loans as of end of the period**	**1 097**	**110**

* The amount of the change in the provision for impairment of loans and debt of banks in Tables 7.5 Line 2 is part of the amount shown in the “Reporting of Profit and Loss and other Comprehensive Income” in line 8

8. CUSTOMER LOANS AND DEBTS

Table 8.1. Customer loans and debts

(th. UAH)

Line	Item name	2018	2017
1	Loans granted to State and local government bodies	-	-
2	Loans granted to legal entities	691 535	676 321
3	Individual mortgage loans	97	10
4	Loans granted to individuals for current needs	4 870	3 235
5	Impairment provision for loans	(19 543)	(24 323)
6	**Total loans exclusive of provisions**	**676 959**	**655 243**

Data on customer loans and debts are indicated in the Report of Financial Position in the line No. 1.
Information about the loans and customer debts on related-party transactions is disclosed in the Note 32.
Customer loans debts on repo operations as of December 31, 2018 and December 31, 2017 is not available.

Table 8.2. Analysis of changes of provision for impairment of customer loans and debts as of 2018

(th. UAH)

Line	Movements in Reserves	Loans granted to legal entities	Individual mortgage loans	Loans granted to individuals for current needs	Total
1	Remaining balance as of the beginning of the period	24 047	1	275	24 323
2	Increasing / (reduction) of impairment provision for loans over a period**	1 612	(1)	52	1 663
3	Write-off of bad debts with usage of provision funds	-	-	(38)	(38)
4	Changes caused by the application of IFRS 9	(6 172)	-	(222)	(6 394)
5	Effect of conversion in a currency of statement	(11)	-	-	(11)
6	**Remaining balance as of end of the period**	**19 476**	-	67	**19 543**

** Amount of the changes of provision for impairment of customers' loans and debts, shown in the table 8.2 line 2, is a part of the amount, shown in the Profit and Loss and Other Comprehensive Income Statement in the line 8.

Amount of the changes of provision for impairment of customers' loans and debts, shown in the table 8.2 of the Note 8, differs from the amount of provision, which is indicated in Profit and Loss and Other Comprehensive Income Statement in the line 8 by 388 th. UAH as a result of alleviation of debt, which previously was recognized as bad, by customer; account of special provision and to the amount of 4 th. UAH of non-recognized interest on debt of individuals.

Table 8.3. Analysis of changes of loan debts provision as of 2017

(th. UAH)

Line	Movements in Reserves	Loans granted to legal entities	Individual mortgage loans	Loans granted to individuals for current needs	Total
1	Remaining balance as of the beginning of the period	24 504	3	493	25 000
2	Increasing / (reduction) of impairment provision over a period**	158	(12)	(99)	57
3	Write-off of bad debts with usage of provision funds	-	-	(119)	(119)
5	Effect of conversion in a currency of statement	(615)	-	-	(615)
6	**Remaining balance as of end of the period**	**24 047**	**1**	**275**	**24 323**

** Amount of the loan debts provision, shown in the table 8.3 of Note 2 differs from the amount of provision, shown in Profit and Loss and Other Comprehensive Income Statement in the line 8 to the amount of 11 th. UAH, as a result of alleviation of debt, which previously was recognized as bad, by customer due to the special provision.

Table 8.4. Structure of loans by types of economic activities

Line	Type of economic activity	2018		2017	
		amount	%	amount	%
1	Manufacturing	455 091	65 %	462 133	68 %
2	Trading: repairing of cars, household goods and items of personal-use	135 416	19 %	108 091	16 %
3	Agronomy, hunting and forestry	87 133	13 %	98 029	14,5 %
4	Individuals	4 967	1 %	3 245	0,5 %
5	Other	13 895	2 %	8 068	1 %
6	**Total loans and customer debts exclusive of provision**	**696 502**	**100 %**	**679 566**	**100 %**

Table 8.5. Information about loans by types of collateral as of 2018

(th. UAH)

Line	Item name	Loans granted to legal entities	Individual mortgage loans	Loans granted to individuals for	Total

				current needs	
1	Unsecured loans	17 065	-	2 553	19 618
2	Loans secured by:	674 470	97	2 317	676 884
2.1	financial resources	357 740	-	25	357 765
2.2	securities	-	-	-	-
2.3	immovable property	61 191	97	516	61 804
2.3.1	including residential property	-	97	516	613
2.4	guarantees and pledges	-	-	787	787
2.5	cars	1 954	-	368	2 322
2.6	equipment	123 413	-	-	123 413
2.7	goods for sale or goods in process	70 615	-	-	70 615
2.8	vehicles (except for cars)	47 132	-	621	47 753
2.9	Ownership rights to receipts in money on contracts	1 409	-	-	1 409
2.10	other assets	11 016	-	-	11 016
3	**Total loans and customer debts exclusive of provision**	**691 535**	**97**	**4 870**	**696 502**

Balance amount of loans is divided proportionally to the value of assets accepted for loan security.

Table 8.6. Information about loans by types of collateral as of 2017

(th. UAH)

Line	Item name	Loans granted to legal entities	Individual mortgage loans	Loans granted to individuals for current needs	Total
1	Unsecured loans	24 521	-	2 784	27 305
2	Loans secured by:	651 800	10	451	652 261
2.1	financial resources	447 476	-	25	447 476
2.2	securities	-	-	-	-
2.3	immovable property	50 278	10	136	50 424
2.3.1	including residential property	292	10	136	438
2.4	guarantees and pledges	-	-	236	236
2.5	cars	8 276	-	79	8 335
2.6	equipment	58 109	-	-	58 109
2.7	goods for sale or goods in process	23 810	-	-	23 810
2.8	vehicles (except for	62 401	-	621	62 401

	cars)				
2.9	Ownership rights to receipts in money on contracts	1 450	-	-	1 450
2.10	other assets	-	-	-	-
3	**Total loans and customer debts exclusive of provision**	**676 321**	**10**	**3 235**	**679 566**

Tables below show the credit quality and maximal exposing to a credit risk depending on the level of credit risk and the stage of ECL at the end of the year 2018.

Table 8.7. Analysis of the credit quality and customer debts (legal entities) as of 2018

(th. UAH)

Line	Item name	Stage 1 / Basket 1	Stage 2 / Basket 2	Stage 3 / Basket 3	Acquired or originated impaired assets	Total

1	Loans and customer debts, which are recorded at amortized cost:					
1.1	Minimal credit risk	545 939	-	-	-	545 939
1.2	Low credit risk	-	-	-	-	-
1.3	Average credit risk	-	131 150	-	-	131 150
1.4	High credit risk	-	-	-	-	-
1.5	Legacy loans	-	-	14 446	-	14 446
2	Total gross carrying amount of loans and customer debts recorded at amortized cost	545 939	131 150	14 446	-	691 535
3	Loan loss and customer debts provision recorded at amortized cost	(565)	(4 465)	(14 446)	-	(19 476)
4	**Total loans and customer debts recorded at amortized cost exclusive of provisions**	**545 374**	**126 685**	**-**	**-**	**672 059**

Table 8.8. Analysis of the credit quality of loans and customer debts (individuals) as of 2018

(th. UAH)

Line	Item name	Stage 1 / Basket 1	Stage 2 / Basket 2	Stage 3 / Basket 3	Acquired or originated impaired assets	Total
1	Loans and customer debts, which are recorded at amortized cost:					
1.1	Minimal credit risk	4 911	-	-	-	4 911
1.2	Low credit risk	-	-	-	-	-
1.3	Average credit risk	-	12	-	-	12
1.4	High credit risk	-	-	-	-	-
1.5	Legacy loans	-	-	44	-	44
2	Total gross carrying amount of loans and customer debts, which are recorded at amortized cost	4 911	12	44	-	4 967
3	Loan loss and	(26)	(2)	(39)	-	(67)

	customer debts provision, which are recorded at amortized cost					
4	**Total loans and customer debts, which are recorded at amortized cost exclusive of provisions**	**4 885**	**10**	**5**	**-**	**4 900**

Table 8.9. Analysis of the credit quality of loans as of December 31, 2017

(th. UAH)

Line	Item name	Loans granted to legal entities	Individual mortgage loans	Loans granted to individuals for current needs	Total
1	**Undue and impaired:**	**-**	**-**	**-**	**-**
1.1	loans granted to small businesses	-	-	-	-
1.2	loans granted to other individuals	-	-	-	-
2	**Impaired loans estimated on personal basis:**	**21 599**	**-**	**38**	**21 637**
2.1	with a delay in payment for up to 31	14 446	-	-	14 446

	days				
2.2	with a delay in payment for a period from 32 days to 92 days	-	-	12	12
2.3	with a delay in payment for a period from 93 days to 183 days	-	-	11	11
2.4	with a delay in payment for a period from 184 days to 365 (366) days	3	-	15	18
2.5	with a delay in payment for a period more than 366 (367) days	813	-	-	813
2.6	other loans (with no delay in payment)	6 337	-	-	6 337
3	**Impaired loans estimated on group basis, undue**	**654 772**	**10**	**3 161**	**657 893**
4	**Impaired loans estimated on group basis, overdue:**	**-**	**-**	**36**	**36**
4.1	with a delay in payment for up to 31 days	-	-	**36**	**36**
5	**Total amount of credits before deduction of provision**	**676 321**	**10**	**3 235**	**679 566**
6	Impairment provision for loans	(24 047)	(1)	(275)	(24 323)
7	**Total loans exclusive of provisions**	**652 274**	**9**	**2 960**	**655 243**

Table 8.10. Analysis of the credit quality of loans and customer debts (legal entities) according to the IFRS 9 as of January 01, 2018

(th. UAH)

Line	Item name	Stage 1 / Basket 1	Stage 2 / Basket 2	Stage 3 / Basket 3	Acquired or originated impaired assets	Total

1	Loans and customer debts, which are recorded at amortized cost:					
1.1	Minimal credit risk	459 267	-	-	-	459 267
1.2	Low credit risk	-	-	-	-	-
1.3	Average credit risk	-	201 792	-	-	201 792
1.4	High credit risk	-	-	-	-	-
1.5	Legacy loans	-	-	15 262	-	15 262
2	Total gross carrying amount of loans and customer debts, which are recorded at amortized cost	459 267	201 792	15 262	-	676 321
3	Loan loss and customer debts provision, which are recorded at amortized cost	(259)	(3 744)	(13 871)	-	(17 874)
4	**Total loans and customer debts, which are recorded at amortized cost exclusive of provisions**	**459 008**	**198 048**	**1 391**	**-**	**658 447**

Table 8.11. Analysis of the credit quality of loans and customer debts (individuals) according to the IFRS 9 as of January 01, 2018

(th. UAH)

Line	Item name	Stage 1 / Basket 1	Stage 2 / Basket 2	Stage 3 / Basket 3	Acquired or originated impaired assets	Total
1	Loans and customer debts, which are recorded at amortized cost:					
1.1	Minimal credit risk	3 205	-	-	-	3 205
1.2	Low credit risk	-	-	-	-	-
1.3	Average credit risk	-	12	-	-	12
1.4	High credit risk	-	-	-	-	-
1.5	Legacy loans	-	-	28	-	28
2	Total gross carrying amount of loans and customer debts, which are recorded at amortized cost	3 205	12	28	-	3 245
3	Loan loss and customer debts provision, which are recorded at amortized cost	(21)	(6)	(28)	-	(55)
4	**Total loans and customer debts, which are recorded at amortized cost exclusive of provisions**	**3 184**	**6**	**-**	**-**	**3 190**

Table 8.12 Effect of value of collateral on credit quality as of 2018

(th. UAH)

Line	Item name	Carrying amount	Hypothecation value	Effect of collateral
1	Loans granted to legal entities	691 535	(1 209 173)	(517 638)
2	Individual mortgage loans	97	(195)	(98)
3	Loans granted to individuals for current needs	4 870	(4 938)	(68)

5	**Total loans**	**696 502**	**(1 214 306)**	**(517 804)**

The Bank has established criteria of sufficiency and acceptability of security of active transactions. Accepted sufficiency covers a credit risk. Detailed information about the structure of security is showed in the Table 5.

Financial effect of security is presented by disclosure of its value for the assets, security on which and other activities for credit quality improvement are equal to its carrying amount or exceed it. Amount of assets, security on which and other activities for credit quality improvement are less than its carrying amount (assets with insufficient security) as of December 31, 2018, is 19 618 thousand UAH.

Accounting for the security is performed at fair value. Bank recognize as the fair one the value, at which it assesses the security when approving its acceptance.

Security shall be accounted at value, at which (in appraiser's opinion) it may be exchanged between conusant, interested and independent parties, with the deduction of such transaction costs.

Accounting for the security is performed at fair value, which is recognized by Bank as collateral value with due allowance for tendencies of formation of pricing at markets of proper property, obsolescence and physical deterioration of offered subject to mortgage.

Table 8.13 Effect of value of collateral on credit quality as of 2017

(th. UAH)

Line	Item name	Carrying amount	Hypothecation value	Effect of collateral
1	Loans granted to legal entities	676 321	916 773	(240 452)
2	Individual mortgage loans	10	362	(352)
3	Loans granted to individuals for current needs	3 235	1 332	1 903
5	**Total loans**	**679 566**	**918 467**	**(238 901)**

Amount of assets, security on which and other activities for credit quality improvement are less than its carrying amount (assets with insufficient security) as of December 31, 2017, is 27 305 thousand UAH.

JSC "MOTOR-BANK" have been receiving collateralized property to the amount of 6,245 thousand UAH over the course of 2017. The movable property was recognized in the Bank's balance sheet under the agreement on satisfaction of the pledgeholder's requirements for repayment of overdue credit debt. The carrying amount of the property acquired was established on the basis of an estimate determined by an independent estimating entity.

9. FINANCIAL INVESTMENT AT FAIR VALUE THROUGH PROFIT/LOSSES

Table 9.1 Financial investment at fair value through profit/losses

(th. UAH)

Line	Item name	2018	2017
1	Shares of enterprises	14 899	14 899
1.1	Increases in the value / writedowns of shares	(14 899)	(14 899)
2	**Total financial assets at fair value through profit/losses**	**-**	**-**

Information about the securities at fair value through profit/losses is disclosed in the Report of Financial Position (Balance sheet) in the line 4.

As of December 31, 2018 and December 31, 2017, no available shares of enterprises are quoting.

National Securities and Stock Market Commission has adopted the resolution on the subject of termination stoppage of securities trading and amending depository accounting system of securities in relation to the following enterprises:

- PJSC "Velykopolovetske RT" (code 00904428) Resolution No. 583 dated April 23, 2015;

- PJSC "Elit Invest Proekt" (code 38450223) Resolution No. 1232 dated August 06, 2015;

- PJSC "TSON" NORMA" (code 33545414) Resolution No. 829 dated July 28, 2016.

10. FINANCIAL INVESTMENT AT AMORTIZED COST

In the composition of the portfolio of financial investments of the Bank, which are carried at amortized cost, are certificates of deposit of National Bank of Ukraine. Certificates of deposit of National Bank of Ukraine are short-term debt instruments.

Bank holds the portfolio of risk-free financial investments that can be quickly sold in certificates of deposit of National Bank of Ukraine for the liquidity management objective and net additional return.

Table 10.1 Financial investment at amortized cost

(th. UAH)

Line	Item name	2018	2017
1	Certificates of deposit of National Bank of Ukraine, which are carried at amortized cost	300 768	440 508
2	**Total securities, which are carried at amortized cost**	**300 768**	**440 508**

Data on the securities, which are carried at amortized cost, is indicated in the Report of Financial Position (Balance sheet) in the line 5.

Table 10.2 Analysis of the credit quality of financial investments that are accounting at amortized cost as of 2018

(th. UAH)

Line	Item name	Certificates of deposit	Total
1	Undue and non-impaired	300 768	300 768
1.1	Certificates of deposit of National Bank of Ukraine, which are carried at amortized cost	300 768	300 768
2	Provision for investment depreciation, which are carried at amortized cost	-	-
3	**Total securities, which are carried at amortized cost exclusive of provisions**	**300 768**	300 768

Table 10.3 Analysis of the credit quality of financial investments that are accounting at amortized cost as of 2017

(th. UAH)

Line	Item name	Certificate	Total

		s of deposit	
1	Undue and non-impaired	440 508	440 508
1.1	Certificates of deposit of National Bank of Ukraine, which are carried at amortized cost	440 508	440 508
2	Provision for investment depreciation, which are carried at amortized cost	-	-
3	**Total securities, which are carried at amortized cost exclusive of provisions**	440 508	440 508

11. INVESTMENT PROPERTY

Table 11.1 Investment property, estimated /estimated by cost of production method as of 2018

(th. UAH)

Line	Item name	Land plots	Buildings	Part of building	Land plot and building	Total
1	**Remaining balance as of the beginning of the period (at the end of the day of December 31, 2017)**	**-**	**-**	**50**	**-**	**50**
1.1	Primary value	-	-	(9)	-	(9)
1.2	Depreciation	-	-	-	-	-
1.3	Utility decrease	-	-	-	-	12
2	Recognizing of investment property in the balance sheet	-	-	-	-	-
3	Transferring from the category of non-current assets to selling	-	-	28	-	28
4	Amortization	-	-	(2)	-	(2)
5	Utility decrease	-	-	-	-	-
6	Transferring from the category of capital investment to the category of investment property	-	-	-	-	-
7	Incomes from business combinations	-	-	-	-	-
8	Transferring to non-current assets, held for sale, and to assets of disposal group	-	-	-	-	-
8.1	Primary value	-	-	-	-	-
8.2	Depreciation	-	-	-	-	-
9	Disposal	-	-	-	-	-
9.1	Primary value			-	-	-
9.2	Depreciation			-	-	-
10	Transferring to the category of buildings held by possessor	-	-	-	-	-
11	Transferring from the category of buildings held by possessor	-	-	-	-	-
12	Other changes	-	-	-	-	-
13	Effect of conversion in a currency of reporting	-	-	-	-	-
14	**Remaining balance at the end of the period (at the end of the day of December 31, 2018)**	**-**	**-**	**48**	**-**	**48**

14.1	Primary value	-	-	59	-	59
14.2	Depreciation	-	-	(11)	-	(11)

Data on the investment property are indicated in the Report of Financial Position in the line 6.

At the end of the day of December 31, 2018, investment property includes buildings, which are holding by Bank for the purpose of receiving an lease revenue.

Information about the revenue from operating lease is disclosed in the table 11.3 in the line 1.

Table 11.2 Investment property, estimated /estimated by cost of production method as of 2017

(th. UAH)

Line	Item name	Land plots	Buildings	Part of building	Land plot and building	Total
1	**Remaining balance as of the beginning of the period (at the end of the day of December 31, 2017)**	**-**	**-**	**1 726**	**-**	**1 726**
1.1	Primary cost	-	-	2 880	-	2 880
1.2	Depreciation	-	-	(83)	-	(83)
1.3	Utility decrease	-	-	(1 071)	-	(1 071)
2	Recognizing of investment property in the balance sheet	-	-	-	-	-
3	Transferring from the category of non-current assets to selling	-	-	-	-	-
4	Amortization	-	-	(31)	-	(31)
5	Utility decrease	-	-	-	-	-
6	Transferring from the category of capital	-	-	-	-	-

	investment to the category of investment property					
7	Incomes from business combinations	-	-	-	-	-
8	Transferring to non-current assets, held for sale, and to assets of disposal group	-	-	(1 645)	-	(1 645)
8.1	Primary value	-	-	(2 821)	-	(2 821)
8.2	Depreciation	-	-	1 176	-	1 176
9	Disposal	-	-	-	-	-
9.1	Primary cost			-	-	-
9.2	Depreciation			-	-	-
10	Transferring to the category of buildings held by possessor	-	-	-	-	-
11	Transferring from the category of buildings held by possessor	-	-	-	-	-
12	Other changes	-	-	-	-	-
13	Effect of conversion in a currency of reporting	-	-	-	-	-
14	**Remaining balance at the end of the period (at the end of the day of December 31, 2018)**	**-**	**-**	**50**	**-**	**50**
14.1	Primary cosyt	-	-	59	-	59
14.2	Depreciation	-	-	(9)	-	(9)

Table 11.3 Amounts, which are recognized in the Reporting of Profit and Loss and Other Comprehensive Income

(th. UAH)

Line	Amounts of incomes and expenses	2018	2017
1	Income from investment property leasing	13	12
2	Direct operating expenses (including repair and maintenance costs) from investment property, which generate income from leasing	-	-
3	Other direct expenses, which generate income from leasing	-	-
4	**Total income/expenses**	**13**	**12**

Table 11.4 Information about minimal amounts of future leasing payments

(th. UAH)

Line	Duration of operating lease	2018	2017
1	Within 1 year	12	13
2	From 1 to 5 years	-	-
3	More than 5 years	-	-
4	**Total amount of payments receivable for operating rent**	**12**	**13**

12. FIXED ASSETS AND INTANGIBLE ASSETS

Table 12.1. Fixed assets and intangible assets

Item name	Buildings, facilities and transmitting devices	Machinery and Equipment	Transportation equipment	Instruments, appliances, fixtures (furniture)	Other fixed assets	Other non-current intangible assets	In-progress capital investments in fixed assets and intangible assets	Intangible assets	Total
Carrying amount at the end of the year 2016	**27 470**	**2 628**	**5 451**	**812**	**384**	**16**	**394**	**727**	**37 882**
Primary (revalued) cost	30 548	7 862	8 481	2 080	1 343	1 530	394	1 084	53 322
Depreciation as of the beginning of the year 2017	(3 078)	(5 234)	(3 030)	(1 268)	(959)	(1 514)	-	(357)	(15 440)
Revenue	-	2 616	2 384	370	59	900	12 148	970	19 447
Capital investment for further construction of fixed assets and updating of intangible assets	108	56	33	101	-	-	-	5	303
Transferring to non-curculating assets, holding for sale, and to assets of disposal group:	(3 962)	-	-	-	-	-	-	-	(3 962)

primary cost	(4 070)	-	-	-	-	-	-	-	(4 070)
amortization charges	108	-	-	-	-	-	-	-	108
Other transferrings	-	-	-	-	-	-	(7 602)	-	(7 602)
Disposal:	-	-	(330)	-	-	-	-	-	(330)
primary cost	-	-	(991)	-	-	(24)	-	(765)	(1 780)
depreciation	-	-	661	-	-	24	-	765	1 450
Amortization charges	(818)	(1 613)	(1 673)	(351)	(296)	(647)	-	(902)	(6 300)
Carrying amount at the end of the year 2017	**22 798**	**3 687**	**5 865**	**932**	**147**	**2690**	**4 940**	**800**	**39 438**

Primary (revalued) cost	26 586	10 534	9 907	2 551	1 402	2 406	4 940	1 294	59 620
Depreciation at the end of the year 2017	(3 788)	(6 847)	(4 042)	(1 619)	(1 255)	(2 137)	-	(494)	(20 182)
Revenue	-	7 560	3 252	1 540	648	1 648	20 466	8 023	43 137
Capital investment for further construction of fixed assets and updating of intangible assets	63	308	-	50	-	45	-	482	948
Transferring to non-curculating assets, holding for sale, and to assets of disposal group:	3 962	-	-	-	-	-	-	-	3 962
primary cost	4 070	-	-	-	-	-	-	-	4 070
amortization charges	(108)	-	-	-	-	-	-	-	(108)
Other transferrings	-	-	-	-	-	-	(23 656)	-	(23 656)
Disposal:	-	(35)	-	-	-	-	(120)	-	(155)
primary cost	-	(119)	-	-	-	(7)	(120)	(714)	(960)
Amortization charges	-	(84)	-	-	-	7	-	714	805
Amortization charges	(1 013)	(2 843)	(2 017)	(450)	(157)	(1 188)	-	(1 416)	(9 084)
Carrying amount at the end of the year 2016	**25 810**	**8 677**	**7 100**	**2 072**	**638**	**774**	**1 630**	**7 889**	**54 590**

Primary (revalued) cost	30 719	18 283	13 159	4 141	2 050	4 092	1 630	9 085	83 159
Depreciation as of the beginning of the year 2017	(4 909)	(9 606)	(6 059)	(2 069)	(1 412)	(3 318)	-	(1 196)	(28 569)

Data on property, plant and equipment and intangible assets are indicated in the line 9.

There are no fixed assets for which restrictions on the ownership, use and disposal of the Bank would be provided by law. The Bank's fixed assets and intangible assets are not pledged. There are no fixed assets in the Bank which would be not used temporarily (conservation, reconstruction). There are no fixed assets decommissioned for sale at the Bank. The initial cost of fully depreciated fixed assets is 10 905 thousand UAH.

There are no intangible assets that are subject to ownership restrictions in the Bank.

The initial value of the created intangible assets, more specifically of the sign for goods and services is 6 thousand UAH. The increase or decrease resulting from revaluations and also from losses caused by decrease of utility, recognized or reversed directly in equity during the reporting period were not occurred at the Bank.

13. OTHER ASSETS

Table 13.1. Other assets

(th. UAH)

Line	Item name	2018	2017
1	Other financial assets	29 998	11 664
2	Other non-financial assets	3 421	14 202
3	**Total other assets exclusive of provisions**	**33 419**	**2 866**

Data on other assets are indicated in the Report of Financial Position in the line No. 10.

Information about other assets on related-party transactions is disclosed in the Note 32.

Table 13.2. Other financial assets

(th. UAH)

Line	Item name	2018	2017
1	Receivables from payment card transactions	-	-
2	Restricted cash	14 984	11 432
3	Receivables from bank transactions	15 857	-
4	Other financial assets	125	249
5	Provision for impairment of other financial assets	(968)	(17)
6	**Total other assets exclusive of provisions**	**29 998**	**11 664**

Line 2 “Restricted cash” includes the remaining balance placed in JSC “PUMB”, of the Guarantee Fund to cover the costs of settling payments with the International Payments System “Visa International”, and to ensure the repayment of the Bank's debt in the event of its settlement. (required reserve deposits that are not available for use in the Bank's everyday operations).

Table 13.2.1. Analysis of changes of provision for impairment of other financial assets as of 2018

(th. UAH)

Line	Movements in Reserves	Restricted cash	Receivables from bank transactions	Other financial assets	Total
1	Remaining balance as of the beginning of the period	12	-	5	17
2	Increasing / (reduction) of provision for impairment over a period****	536	10	(8)	538
3	Write-off of bad debts	-	-	(4)	(4)
	Changes caused by the application of IFRS 9	409	-	8	417
4	**Remaining balance at the end of the period**	**957**	**10**	**1**	**968**

**** Amount of the changes of provision for impairment of other financial assets, shown in the table 13.2.1 line 2, is a part of the amount, shown in the Profit and Loss and Other Comprehensive Income Statement in the line 8.

Table 13.2.2. Analysis of changes of provision for impairment of other financial assets as of 2017

(th. UAH)

Line	Movements in Reserves	Restricted cash	Other financial assets	Total
1	Remaining balance as of the beginning of the period	39	43	82
2	Increasing / (reduction) of provision for impairment over a period	(27)	2	(25)
3	Write-off of bad debts	-	(40)	(40)
4	**Remaining balance at the end of the period**	**12**	**5**	**17**

Table 13.2.3. Analysis of credit quality of other financial assets as of 2018

(th. UAH)

Line	Item name	Stage 1 / Basket 1	Stage 2 / Basket 2	Stage 3 / Basket 3	Acquired or originated impaired assets	Total
1	Other financial assets:					
1.1	Minimal credit risk	30 964	-	-	-	30 964
1.2	Low credit risk	-	-	-	-	-
1.3	Average credit risk	-	2	-	-	2
1.4	High credit risk	-	-	-	-	-
1.5	Legacy loans	-	-	-	-	-
2	Total gross carrying amount of loans and customer debts, which are recorded at amortized cost	30 964	2	-	-	30 964
3	Provision for impairment of other financial assets	(968)	-	-	-	(968)
4	**Total other financial assets exclusive of provisions**	**29 996**	**2**	**-**	**-**	**29 998**

Table 13.2.4 Analysis of credit quality of other financial assets according to the IAS as of December 31, 2017

(th. UAH)

Line	Movements in Reserves	Restricted cash	Receivables from bank transactions	Other financial assets	Total
1	Undue and non-impaired debt:	-	-	243	243
1.1	large customer with credit history longer than 2 years	-	-	80	80
1.2	new large customer	-	-	90	90
1.3	medium-size companies	-	-	50	50
1.4	small companies	-	-	23	23
2.	Debt that was impaired on personal basis with delay in payment:	-	-	6	6
2.1	up to 31 days	-	-	1	1
2.2	from 32 to 92 days	-	-	1	1
2.3	from 93 to 183 days	-	-	1	1
2.4	184 to 365 (366) days	-	-	-	-
2.5	more than 366 days	-	-	3	3
3	Undue and impaired				

	debt:	-	11 432	-	11 432
4	Total amount of other financial assets before deduction of provision	-	11 432	249	11 432
5	Provision for impairment of other financial assets	-	(12)	(5)	(17)
6	**Total other financial assets exclusive of provisions**	**-**	**11 420**	**244**	**11 664**

Table 13.2.5 Analysis of credit quality of other financial assets according to the IAS as of January 01, 2018

(th. UAH)

Line	Item name	Stage 1 / Basket 1	Stage 2 / Basket 2	Stage 3 / Basket 3	Acquired or originated impaired assets	Total
1	Other financial assets:					
1.1	Minimal credit risk	11 634	-	-	-	11 634
1.2	Low credit risk	-	-	-	-	-
1.3	Average credit risk	-	44	-	-	44
1.4	High credit risk	-	-	-	-	-
1.5	Legacy loans	-	-	3	-	3
2	Total gross carrying amount of loans and customer debts, which are recorded at amortized cost	11 634	44	3	-	11 681
3	Provision for impairment of other financial assets					

		(421)	(10)	(3)	-	(434)
4	**Total other financial assets exclusive of provisions**	**11 213**	**34**	**-**	**-**	**11 247**

Table 13.3. Other non-financial assets

(th. UAH)

Line	Item name	2018	2017
1	Prepayment for services	475	148
2	Receivables for acquisition of assets	931	1 711
3	Prepaid expenses	1 126	815
4	Prepayment on the taxes, except for income tax	48	1
5	Inventories	607	728
6	Property come into possession of the Bank as pledgeholder	236	10 799
7	Provision for impairment of other assets	**(2)**	-
8	**Total other assets exclusive of provisions**	**3 421**	**14 202**

At the end of the day of December 31, 2018, the property that come into possession of the Bank apledgeholder (table 13.3, line 6) is comprised of real estate unit and construction materials.

At the end of the day of December 31, 2017, the property that come into possession of the Bank as pledgeholder (table 13.3, line 6) is comprised of real estate units, equipment and land plot. In February 2018, Bank had realized these assets.

Table 13.3.1 Analysis of changes of provision for impairment of other non-financial assets as of 2018

(th. UAH)

Line	Movements in Reserves	Restricted cash	Other financial assets	Total
1	Remaining balance as of the beginning of the period	-	-	-
2	Increasing / (reduction) of provision for impairment over a period*****	1	1	2
3	Write-off of bad debts	-	-	-
4	Changes caused by the application			

	of IFRS 9			
4	**Remaining balance at the end of the period**	**1**	**2**	**2**

**** Amount of the changes of provision for impairment of other non-financial assets, shown in the table 13.2.1 line 2, is a part of the amount, shown in the Profit and Loss and Other Comprehensive Income Statement in the line 8.

14. NON-CURRENT ASSETS HELD FOR SALE AND ASSETS OF THE DISPOSAL GROUP

Table 14.1 Non-current assets held for sale and assets of disposal group

(th. UAH)

Line	Item name	2018	2017
	Non-current assets held for sale		
1	Fixed assets	-	3 962
2	**Total non-current assets held for sale**	**-**	**3 962**

Data on non-current assets held for sale and assets of disposal group is disclosed in the "Report of Financial Position" in the line 11.

In 2018 Bank have transferred real estate unit to the category of non-current.

In 2017 Bank have done:

- transfer of non-current assets held for sale to the current assets (balance), and

- disposal of non-current assets held for sale (movable property) as a result of selling

15. CUSTOMER FUNDS

Table 15.1 Customer funds

(th. UAH)

Line	Item name	2018	2017
1	Governmental and non-governmental organizations	536	96
1.1	Current accounts	536	96
1	Other legal entities	562 777	570 906

1.1	Current accounts	541 963	506 468
1.2	Time deposits	20 814	1 438
2	Individuals	533 307	540 822
2.1	Current accounts	218 757	238 409
2.2	Time deposits	314 550	302 413
8	**Total customer funds**	**1 096 620**	**1 048 824**

Data on customers' funds is indicated in the Report of Financial Position in the line 13.

Information about customer funds on related-party transactions is disclosed in the Note 32.

Table 15.2. Disposition customer funds by types of economic activities

(th. UAH)

Line	Type of economic activity	2018		2017	
		amount	%	amount	%
1	Operations with real estates, leasing, engineering and services providing	26 515	2 %	24 424	2 %
2	Trading: repairing of cars, household goods and items of personal-use	76 848	7 %	37 619	4 %
3	Manufacturing	380 089	35 %	383 962	37 %
4	Health care and provision of social welfare	29 504	3 %	25 395	2 %
5	Provision of financial services	24 403	2 %	22 452	2 %
6	Individuals	533 307	49 %	540 822	52 %
7	Other	25 954	2 %	14 150	1 %
8	**Total customer funds**	**1 096 620**	**100 %**	**1 048 824**	**100 %**

As of December 31, 2018, Bank had 37 customers (in 2017 it had 24 customers) with remaining balance of more than 1 percent of the authorized capital of each.

As of December 31, 2018, deposits to the amount of 360 665 thousand UAH (in 2017it was 447 476 thousand UAH), which have been duly registered as collateral of the loans granted to customers, enter into the composition of customer funds (see Note 8)

16. PROVISIONS FOR LIABILITIES

Below is presented analysis of relevant provisions for impairment of guarantees and other contractual liabilities.

Table 16.1. Provisions for liabilities for accounting period

(th. UAH)

Line	Movements in Reserves	Loan liabilities	For submitted financial guarantees	Total
1	Remaining balance as of the beginning of the period	-	-	-
2	Changes caused by the application of IFRS 9	4 904	57	4 961
3	Reversal/accrual of unused provision	(4 384)	(56)	(4 440)
4	Effect of conversion in a currency of reporting	(3)	-	(3)
4	**Remaining balance at the end of the period**	**517**	**1**	**518**

Data on provisions for liabilities is indicated in the Report of Financial Position in the line 15.

Information about provisions for liabilities with related parties is disclosed in the Note 32.

17. OTHER LIABILITIES

Table 17.1 Other liabilities

(th. UAH)

Line	Item name	2018	2017
1	Other financial liabilities	1 791	1 327
2	Other non-financial liabilities	6 735	4 902
3	**Total other liabilities**	**8 526**	**6 229**

Data on other liabilities is indicated in the Report of Financial Position in the line 16.

Information about other liabilities on related parties' transactions is disclosed in the Note 32.

Table 17.2 Other financial liabilities

(th. UAH)

Line	Item name	2018	2017
1	Payment card transactions payable	1 156	330
2	Accrued expenses	448	399
3	Fee and commission for provided guarantees	5	-
4	Blocking of funds according to the Ukrainian Presidential Decree No. 176/2018 On the Resolution of the National Security and Defense Council of Ukraine dated June 21, 2018	154	189
5	Other financial liabilities	28	409
6	**Total other financial liabilities**	**1 791**	**1 327**

As of December 31, 2017, line 5 "Other financial liabilities" includes:

- income from an individual on other financial instruments to the amount of 383 th. UAH

- made transactions of individuals to the amount of 12 th. UAH

- the amount of 14 thousand UAH on account No. 3720 "Credit Amounts to Clarification", which was returned to the payer on January 03, 2018.

Table 17.3 Other non-financial liabilities

(th. UAH)

Line	Item name	2018	2017
1	Taxes (except for income tax) payable	1 568	2 242
2	Bank's staff salary settlements payable	3 300	2 100
3	Deferred revenue	1 707	460
4	Payables for services	160	100
5	Assets acquisition payable	-	-

6	Total	6 735	4 902

18. AUTORIZED CAPITAL AND ISSUE PROFIT/LOSS (SHARE PREMIUM)

(th. UAH)

Line	Item name	Number of shares outstanding (thous. pcs.)	Ordinary shares	Share premium	Treasury shares	Total
1	Remaining balance at the end of the day of December 31, 2016 (remaining balance at the end of the day of January 01, 2017)	808	120 000	39 241	(39 241)	120 000
2	Issue of new shares	800	80 000	-	-	80 000
3	Treasury shares	-	-	-	-	-
4	Selling of treasury shares	392	-	-	39 241	39 241
5	Issue profit/loss reduction by the amount of expenses related to State registration of Authorized Capital	-	-	(229)	-	(229)
6	Remaining balance at the end of the day of December 31, 2017 (remaining balance at the end of the day of January 01, 2018)	2 000	200 000	39 012	-	239 012
7	Remaining balance at the end of the day of December 31, 2018	2 000	200 000	39 012	-	239 012

The Bank's authorized capital at the end of the accounting year equals 200 000 thousand UAH, divided into 2 000 thousand ordinary registered shares.

The nominal value of one share is 100 UAH, the total issue amount is 200 million UAH, the form of existence is non-documentary.

The authorized capital of the Bank was formed by the contributions of the founders at the creation of the Bank and by the shareholders' contributions at additional issues of shares.

On May 05, 2017 Bohuslaiev Viacheslav Oleksandrovych obtained the ownership of 392 415 shares of the Bank on the basis of a Securities Purchase and Sale Agreement.

On May 12, 2017 Bohuslaiev Viacheslav Oleksandrovych obtained the ownership of 765 170 shares of the Bank on the basis of a Securities Purchase and Sale Agreement.

On May 25, 2017 Bohuslaiev Viacheslav Oleksandrovych obtained the ownership of 42 415 shares of the Bank on the basis of a a Securities Purchase and Sale Agreement and became the sole shareholder of the Bank.

During 2017, the authorized capital of the Bank was increased by 80 000 thousand UAH up to 200 000 UAH by private placement of additional ordinary registered shares of the Bank to the amount of 800 000 pieces of the existing par value of 100,00 UAH per share, at the expenses of additional contributions of the single shareholder Bohuslaiev Viacheslav Oleksandrovych

Share Issue Registration Certificate, Registration No. 70/1/2017, date of registration July 04, 2017, date of issue November 20, 2018, issued by the National Securities and Stock Market Commission.

All the shares of MOTOR-BANK JSC have been paid in full by a single shareholder.

The details of the authorized capital are indicated in the “Report of Financial Position” in lines 18-19.

19. ANALYSIS OF ASSETS AND LIABILITIES BY MATURITY

Line	Item name	Notes	2018			2019		
			less than 12 months	more than 12 months	total	less than 12 months	more than 12 months	total
	ASSETS							
1	Cash and cash equivalents	6	118 298	-	118 298	63 908	-	63 908
2	Bank loans and debt	7	232 344	-	232 344	100 118	-	100 118
3	Customer loans and debts	8	620 461	56 498	676 959	593 181	62 062	655 243
4	Financial investment at fair value through profit/losses	9	-	-	-	-	-	-
5	Financial investment at amortized self-value	10	300 768	-	300 768	440 508	-	440 508
6	Investment property	11	-	48	48	-	50	50
7	Receivables on current income tax		35	-	35	817	-	817
8	Deferred tax asset		-	702	702	-	588	588
9	Fixed assets and intangible assets	12	-	54 590	54 590	-	39 438	39 438
10	Other financial assets	13	29 993	5	29 998	11 664	-	11 664
11	Other assets	13	3 421	-	3 421	14 202	-	14 202
12	Non-current assets held for sale and assets of disposal group	14	-	-	-	3 962	-	3 962
13	**TOTAL ASSETS**		**1 305320**	**111 843**	**1 417163**	**1 228360**	**102 138**	**1 330498**
	LIABILTIES							
14	Customer funds	15	1 096620	-	1 096620	1 048824	-	1 048824
15	Current income tax liabilities		1 413	-	1 413	-	-	-

16	Provision for liabilities	16	518	-	518	-	-	-
17	Other financial liabilities	17	1 631	160	1 791	1 327	-	1 327
18	Other liabilities	17	6 735	-	6 735	4 902	-	4 902
19	**TOTAL LIABILITIES**		**1 106917**	**160**	**1 107007**	**1 055 053**	**-**	**1 055053**

20. INTEREST INCOME AND EXPENSESS

(th. UAH)

Line	Item name	2018	2017
	INTEREST INCOME:		
1	Customer loans and debt	74 524	52 910
2	Financial investment at amortized self-value	64 804	20 002
3	Due from other banks	4 342	933
4	Correspondent accounts in other banks	1 098	4 557
5	Other	-	331
6	**Total interest income**	**144 768**	**78 733**
	INTEREST EXPENSES:		
7	Time deposits of legal entities	(20 669)	(231)
8	Time deposits of individuals	(10 531)	(6 821)
9	Time deposits of other banks	-	-
10	Current accounts	(36 259)	(22 660)

11	**Total interest expenses**	**(67 459)**	**(29 712)**
12	**Net interest income / (expenses)**	**77 309**	**49 021**

Data on the interest income and expenses are indicated in the Reporting of Profit and Loss and other Comprehensive Income (Reporting of Financial Results) in lines 1.1, 1.2 and 1.

Information about interest Income and expenses on related-party transactions is disclosed in the Note 32.

21. FEE AND COMMISSION INCOME AND EXPENSES

(th. UAH)

Line	Item name	2018	2017
	FEE AND COMMISSION INCOME:		
1	Clearing and settlement	32 623	22 216
2	Income from loan transactions servicing	738	1 090
3	Income from currency market transactions	11 488	3 796
4	Guarantees provided	27	46
	Fee and commission income from operations with banks for payment card transactions	1 893	1 052
5	Other	48	7
6	**Total fee and commission income**	**46 817**	**28 207**
	FEE AND COMMISSION EXPENSES:		
7	Clearing and settlement	(5 970)	(4 231)
8	Expenses for cash replenishment	(2 424)	(1 335)
9	Transactions in securities	-	(32)
10	Fee and commission expenses for loans service	-	(5 015)
11	Other	(292)	(236)
12	**Total fee and commission expenses**	**(8 686)**	**(10 849)**

13	**Net interest income / (expenses)**	**38 131**	**17 358**

Data on fee and commission income and expenses are indicated in the Reporting of Profit and Loss and other Comprehensive Income (Reporting of Financial Results) in lines 2, 3.

Information about fee and commission Income and expenses on related-party transactions is disclosed in the Note 32.

22. OTHER OPERATING INCOME

(th. UAH)

Line	Item name	2018	2017
1	Income from economic rent	341	350
2	Income from rent of security enclosures	205	162
3	Income from early return of a contributions	24	141
4	Income from disposal of fixed assets and intangible assets	2	194
5	Income from disposal of investment property	-	-
6	Income from services of insurance agent	192	63
7	Fines and penalties	18	79
8	Other	20	75
9	**Total operating income**	**802**	**1 064**

Data on other operating income are indicated in the Reporting of Profit and Loss and other Comprehensive Income (Reporting of Financial Results) in line 11.

Information about other operating income on related-party transactions is disclosed in the Note 32.

23. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

(th. UAH)

Line	Item name	2018	2017
1	Increasing in utility of fixed assets and intangible assets	-	(285)
2	Expenses on maintenance of fixed assets and intangible assets and other operating services	(7 789)	(5 646)
3	Expenses on operating leasing (rent)	(4 485)	(1 298)
4	Other expenses related to fixed assets	(265)	(27)
5	Professional services	(1 933)	(2 196)

6	Security services	(2 080)	(1 920)
7	Expenses on marketing and advertising	(1 651)	(1 063)
8	Expenses on insurance	(560)	(3 895)
9	Payment of taxes and collections, except for income tax, including:	(5 078)	(10 849)
9.1.	Land tax	(18)	(122)
9.2.	Contributions to Deposit Guarantee Fund	(4 269)	(9 428)
9.3.	Other taxes and obligatory payments	(791)	(1 299)
10	Increasing in utility of long-term assets held for sale (or disposal group)	-	(285)
11	Value of property that come into possession of the Bank as pledgeholder	(799)	(6 804)
12	Other	(1 430)	(731)
13	**Total administrative and other operating expenses**	**(26 070)**	**(34 999)**

Data on administrative and other operating expenses are indicated in the Reporting of Profit and Loss and other Comprehensive Income (Reporting of Financial Results) in line 14.

Information about administrative and other operating expenses on related-party transactions is disclosed in the Note 32.

24. INCOME TAX

Table 24.1. Expenses on payment of income tax

(th. UAH)

Line	Item name	2018	2017
1	Current income tax	(8 551)	(2 423)
2	Change of deferred income tax, related to:	114	(1 367)
2.1.	appearance or writing-off of temporary differences	114	(1 367)
2.2.	Increasing or reduction of taxable rate	-	-
3	**Total expenses of income tax**	**(8 437)**	**(3 790)**

Data on expenses on payment of income tax are indicated in the Reporting of Profit and Loss and other Comprehensive Income (Reporting of Financial Results) in line 16.

Table 24.2. Agreement of the amount of accounting income (expenses) and amount of taxable income (expenses)

(th. UAH)

Line	Item name	2018	2017
1	Income before taxes	43 710	5 527
2	Expected tax payments at the applicable rate of taxation	(7 868)	(995)
	ADJUSTMENT OF ACCOUNTING INCOME (EXPENSES):		
3.	Income that is not included as a component of taxable income:	-	-
3.2	Amount of allowance of securities	-	-
4	Expenses that are not included as a component of expenses amount with the purpose of calculation of taxable profits, but	(614)	(1 511)

	are recognized in accounting:		
4.1	- differences appeared because of accrual of depreciation of fixed assets and intangible assets	(489)	(502)
4.2	- amount of reductions of value and losses caused by decreasing of utility of fixed assets and intangible assets	(144)	(1 327)
4.3	- provision for impairment of assets	19	1 429
4.4	- other expenses which are not accounting for taxing purposes	-	(1 111)
5	Changes in the amount of net deferred tax asset which are showed in reporting	114	(1 367)
6	Other adjustments:	(69)	83
3	**Amount of expenses from income tax (loss)**	**(8 437)**	**(3 790)**

Table 24.3 Tax effects associated with recognizing of deferred tax assets and deferred tax liabilities as of 2018

(th. UAH)

Line	Item name	Remaining balance as of the beginning of period	Recognized in profit or loss	Remaining balance at the end of period
1	Tax effect of temporary differences which decrease (increase) the amount of taxing and tax losses deferred to future periods	588	114	702

1.1	Provision for impairment of assets	-	-	-
1.2	Fixed assets, investment real estates and intangible assets	588	114	702
2	Net deferred tax asset (obligation)	588	114	702
4	**Recognized deferred tax asset**	588	114	702

Data on tax effects associated with recognizing of deferred tax assets are indicated in the Reporting of Financial Position in line 8.

Table 24.3 Tax effects associated with recognizing of deferred tax assets and deferred tax liabilities as of 2017

(th. UAH)

Line	Item name	Remaining balance as of the beginning of period	Recognized in profit or loss	Remaining balance at the end of period
1	Tax effect of temporary differences which decrease (increase) the amount of taxing and tax losses deferred to future periods	1 955	(1 367)	588
1.1	Provision for impairment of assets	1 560	(1 560)	-
1.2	Fixed assets, investment real estates and intangible assets	395	193	588
2	Net deferred tax asset (obligation)	1 955	(1 367)	588
4	**Recognized deferred tax asset**	1 955	(1 367)	588

25. PROFIT (LOSS) PER ORDINARY AND PREFERRED SHARE

Table 25.1 Net and adjusted profit (loss) per ordinary and preferred share

(th. UAH)

Line	Item name	Notes	2018	2017
1	Profit (loss), which belongs to owners of the Bank, for year		35 273	1 737
2	Profit (loss) for year		35 273	1 737
3	Average annual number of outstanding ordinary shares (th. pcs)		2 00	1 405
4	Net and adjusted of profit (loss) per one ordinary share		17,64	1,24

Table 25.1 Calculation of profit (loss), which belongs to owners of ordinary and preferred shares of the Bank

(th. UAH)

Line	Item name	Notes	2018	2017
1	Profit (loss), which belongs to owners of the Bank, for year		35 273	1 737
2	Retained profit (loss) for year		35 273	1 737
3	Retained profit (loss), which belongs to owners of ordinary shares, based on shares		35 273	1 737

	conditions, for year		
4	Profit (loss), which belongs to shareholders - owners of ordinary shares, for year	35 273	1 737

26. OPERATING SEGMENTS

Table 26.1. Income, expenses and results of reporting segments as of 2018

(th. UAH)

Item name	Name of operating segments			Other segments and transactions	Total
	services for corporate customers	services for individuals	interbank transactions		
Income from external customers:					
Interest income	138 044	1 284	5 440	-	144 768
Fee and commission income	43 156	3 641	20	-	46 817
Other operating income	367	222	-	213	802
Total segment income	**181 567**	**5 147**	**5 460**	**213**	**192 387**
Interest expenses	(45 512)	(21 947)	-	-	(67 459)

Net increasing / reduction of reserve for potential active banking operation losses	(1 301)	37	115	-	(1 149)
Income / (expenses) appearing from initial recognizing of financial assets at the interest rate, which if higher of lower than the market one	(106)	-	-	-	(106)
Income / (expenses) appearing from initial recognition of financial liabilities at the interest rate, which if higher of lower than the market one	-	104	-	-	104
Net increasing / reduction of provisions for liabilities	4 442	(2)	-	-	4 440
Net income / (expenses) from derecognition of financial assets, which are carried at amortized cost	(444)	-	-	-	(444)
Result from foreign currency transactions	6 075	1 708	-	-	7 783
Result from revaluation of foreign currency transactions	-	-	-	(311)	(311)
Fee and commission expenses	(92)	(1 457)	(7 137)	-	(8 686)
Employee benefits expenses	-	-	-	(47 692)	(47 692)

Depreciation expenses and amortization	-	-	-	(9 087)	(9 087)
Other administrative other operating expenses	-	-	-	(26 070)	(26 070)
Income tax expenses	-	-	-	(8 437)	(8 437)
SEGMENT RESULT: Income / (expenses)	**144 629**	**(16 410)**	**(1 562)**	**(91 384)**	**35 273**

Table 26.2. Income, expenses and results of reporting segments as of 2017

(th. UAH)

Item name	Name of operating segments			Other segments and transactions	Total
	services for corporate customers	services for individuals	interbank transactions		
Income from external customers:					
Interest income	71 847	1 064	5 822	-	78 733
Fee and commission income	26 089	1 185	933	-	28 207
Other operating income	558	174	-	332	1 064
Total segment income	**98 494**	**2 423**	**6 755**	**332**	**108 004**
Interest expenses	(15 556)	(14 156)	-	-	(29 712)
Net increasing /					

reduction of reserve for potential active banking operation losses	(145)	100	5 052	-	(5 007)
Income / (expenses) appearing from initial recognizing of financial assets at the interest rate, which if higher of lower than the market one	(2 487)	-	-	-	(2 487)
Income / (expenses) appearing from initial recognition of financial liabilities at the interest rate, which if higher of lower than the market one	-	-	-	-	-
Net increasing / reduction of provisions for liabilities	-	-	-	-	-
Net income / (expenses) from derecognition of financial assets, which are carried at amortized cost	-	-	-	-	-
Result from foreign currency transactions	3 782	1 392	-	-	5 174
Result from revaluation of foreign currency transactions	-	-	-	1 586	1 586
Fee and commission expenses	(5 047)	(33)	(5 769)	-	(10 849)
Employee benefits expenses	-	-	-	(29 866)	(29 866)
Depreciation expenses	-	-	-	(6 331)	(6 33

and amortization					1)
Other administrative other operating expenses	-	-	-	(34 999)	(34 999)
Income tax expenses	-	-	-	(3 790)	(3 790)
SEGMENT RESULT: Income / (expenses)	**79 041**	**(10 274)**	**6 038**	**(73 068)**	**1 737**

Table 26.3. Assets and liabilities of reporting segments as of 2018

(th. UAH)

Item name	Name of operating segments			Other segments and transactions	Total
	services for corporate customers	services for individuals	interbank transactions		
ASSETS OF SEGMENTS					
Assets of segments	972 978	4 915	262 163	40 152	1 280 208
Total assets of segments	972 978	4 915	262 163	40 152	1 280 208
Retained assets	-	-	-	136 955	136 955
Total assets	**972 978**	**4 915**	**262 163**	**177 107**	**1 417 163**
LIABILITIES OF					

SEGMENTS					
Liabilities of segments	564 349	533 409	1 154	-	1 098 912
Total liabilities of segments	564 349	533 409	1 154	-	1 098 912
Retained liabilities	-	-	-	8 165	8 165
Total liabilities	**564 349**	**533 409**	**1 154**	**8 165**	**1 107 077**
OTHER SEGMENTS OF ITEM					
Capital investment	-	-	-	83 218	83 218
Depreciation	-	-	-	(9 087)	(9 087)

Table 26.4. Assets and liabilities of reporting segments as of 2017

(th. UAH)

	Name of operating segments	Other segment

Item name				s and transactions	Total
	services for corporate customers	services for individuals	interbank transactions		
ASSETS OF SEGMENTS					
Assets of segments	1 092 948	3 086	111 500	19 550	1 227 084
Non-current assets held for sale (or disposal group)	-	-	-	3 962	3 962
Total assets of segments	1 092 948	3 086	111 500	23 512	1 231046
Retained assets	-	-	-	99 452	99 452
Total assets	**1 092 948**	**3 086**	**111 500**	**122 964**	**1 330 498**
LIABILITIES OF SEGMENTS					
Liabilities of segments	508 450	541 032	470	-	1 049 952
Total liabilities of segments	508 450	541 032	470	-	1 049 952
Retained liabilities	-	-	-	5 101	5 101
Total liabilities	**508 450**	**541 032**	**470**	**5 101**	**1 055 053**
OTHER SEGMENTS OF ITEM					
Capital investment	-	-	-	59 678	59 678

Depreciation	-	-	-	(6 331)	(6 331)

27. MANAGEMENT OF FINANCIAL RISKS

Strategies and systems of risk management

The Bank Risk Management Strategy at JSC "MOTOR BANK" (hereinafter referred to as the Strategy) defines the main purposes, tasks and principles of risk management that appear in all areas of the Bank's activity at all organizational levels, and sets the minimal requirements for an organization of efficient, comprehensive and relevant risk management system in the Bank.

The purpose of the Strategy is the Bank's activities aimed at enhancement of the role of identification, monitoring, estimation and minimization of risks in banking activities, taking pre-emptive measures to prevent the loss of assets, income, profit, capital by the Bank, maintaining the proper level of capital, solvency and liquidity; responsible treatment of clients 'and shareholders' funds, guaranteed fulfillment of all liabilities to the Bank's clients and counterparties.

The Bank's Supervisory Board defines the overall risk management strategy, approves and reviews the Strategy, establishes the overall level of a risk appetite of the Bank.

The Board of Directors of the Bank ensures the fulfillment of the tasks, decisions of the Bank's Supervisory Board regarding the implementation of the risk management system, including the risk management strategy and policy, the risk management culture, procedures, methods and other measures of effective risk management. The Board of Directors of the Bank recognizes and fulfills the requirements for independent performance of duties by risk management units and compliance monitoring and does not interfere with the performance of their duties. The Bank's Management Board delegates part of its functions and powers to standing dedicated committees – to the Asset and Liability Committee - in terms of market risks, bank book interest rate and liquidity risk, and to the Credit Committee - in terms of credit risks. Operational risks are within the competence of the Board.

The Bank's Supervisory Board and the Board of Directors of the Bank, in order to comply with both the Bank's executives and other employees of the Bank's a risk management culture, create the necessary (tone at the top) atmosphere through:

- defining and maintaining corporate values, and also overseeing compliance of such values;
- ensuring that both Bank's executives and other employees of the Bank have an understanding of their role in risk management in order to achieve the goals of the Bank's activities, as well as being responsible for violating the established level of risk appetite;
- promoting of risk awareness by ensuring that all Bank units are systematically informed of the strategy, policies, risk management procedures and encouraging the free exchange of information and critical appraisal of risk acceptance by the Bank;
- receiving confirmation that Heads and other employees of the Bank have been informed of disciplinary sanctions or other actions that will be applied to them in the event of unacceptable behavior / misconduct in the Bank's activities.

Main purposes of the Strategy are:

- defining of main principles of risk management;
- establishing of integrated methodology for recognition (identification) and estimation (measurement) of risks in process of banking transactions and implement of measures for risk management;
- splitting of functions and liabilities of the Supervisory Board and the Board of Directors of the Bank, dedicated committees and units of the bank in the process of risk management;
- establishing of effective system of support and acceptance of the managerial decisions with the consideration of the level of risks appropriate to banking operations;
- ensuring a carrying out of banking operations according to the established internal procedures (policies, dispositions, methods etc.);
- ensuring the fulfillment of the requirements of National Bank of Ukraine on the subject of normative standards and other limitations and restrictions;
- effective interaction of the Bank's units at all organizational levels in the risk management process;
- ensuring the vital activity of the Bank in crisis situations;
- optimization of expected profit and loss;
- increasing of financial firmness, credit rating and image of the Bank.

Main principles of risk management of the Bank are:

1) efficiency - ensuring an objective estimation of the level of Bank's risks and completeness of the risk management measures with optimal use of the Bank's financial resources, staff and information systems on the subject of risk management;
2) timeliness - ensuring timely (at early stages) detection, measurement, monitoring, control, reporting and mitigation of all types of risks at all organizational levels;
3) structuredness - a clear separation of the functions, responsibilities and powers of risk management among all structural units and employees of the Bank, and their responsibilities in accordance with such a separation;
4) segregation of duties (separation of the control function from carrying out the Bank's operations) - avoiding a situation in which the same person carries out the Bank's operations and performs control functions;
5) comprehensiveness and complexity - coverage of all activities of the Bank at all organizational levels and in all its structural units, estimation of the mutual effect of risks;
6) proportionality - compliance of the risk management system with the Bank's business model, its systemic importance, and also with the level of complexity of the operations, which are performing by the Bank;
7) independence - freedom from circumstances that threaten the impartial performance of the risk management unit and the compliance control unit of its functions;
8) confidentiality - restriction of access to information, which must be protected from unauthorized familiarization;
9) transparency - releasing of information on the risk management system and risk profile by the Bank.

The Bank continually recognizes, identifies, assesses, monitors, controls and minimizes all types of risks, at which it is / may be in the process of its operations.

In order to build an effective risk management system in the Bank and to all responsible counerpartys to understand the risks, the Bank provides a comprehensive estimation of the major risks, at which it is / may be.

The Credit Risk which is recognized as the most significant by the Bank - the probability of losses or additional expenses or loss of earnings as a result of the debtor / counterparty's default on the terms of the contract.

The Bank's level of risk is determined by a system of external limits (regulatory level of risk bearing capacity) and by a system of internal limits for quantifiable material risks.

The system of external limits (normative level of risk bearing capacity) is determined by the system of economic standards established by the National Bank.

The internal limit system is used to establish certain restrictions on the allocation of intergrade risk within the Bank, to limit the intergrade level of risk of the Bank and the level of risk by individual types of risks.

The main task of the development of the risk management system for 2019 is impoving the risk management system and to bring it into compliance with the Regulation on the organization of the risk management system in banks of Ukraine and banking groups, approved by the Resolution of National Bank of Ukraine No. 64 dated June 11, 2018.

The Bank also plans to move to an estimation of operating risk based on the Standardized Approach in accordance with the Basel Committee on Banking Supervision on operating risk management.

General principles

The Bank's risk management function is performing relating to financial, operating and legal risks. Financial risks include credit risk, liquidity risk and market risk. The management of operating and legal risks of the Bank is intended to ensure that internal procedures and policies aimed to minimize these risks function properly.

Policy and system of the Bank's risk management are being reviewed on a continuous basis being upgraded according to changes in market conditions and banking products. The Bank's primary task in managing its assets and liabilities is reducing the level of liquidity and market risks, to which the Bank is exposed and to maximize profitability.

Main principles of the Bank risk management policy are centralization (risk analysis and calculations are performed centrally and appropriate limits are set for the Bank's business units); balanced risk structure and fees for their adoption; ensuring constant monitoring of the level of risk and estimation of the effect of risks on the Bank's capital.

Credit risk

Credit risk is the risk that the Bank will suffer losses due to the fact that its clients or counterparties will not be able to fulfill the obligations provided for in the contract. The Bank manages credit risk by setting a limit on the amount of risk that the Bank is prepared to accept for individual counterparties, geographic or industry risk concentrations, and by monitoring compliance with the risk limits.

Credit risk is monitored by the Department for Analysis and Estimation, an independent unit of the Bank's Risk Management Department. Its responsibilities include the analysis and management of credit risk for all types of counterparties. Department for Analysis and Evaluation of risks consists of managers who support managers and the business as a whole, providing various risk management tools, such as developing of credit risk management systems, policies and models, and also reporting.

The Bank has developed a credit quality review procedure to ensure that any changes in the creditworthiness of counterparties are identified early, including periodic review of the amount of collateral. The credit quality review procedure allows the Bank to estimate the amount of potential losses due to risks, which it may face, and to take the necessary measures to eliminate them.

Operating financial instruments

In the case of operating financial instruments that are calculating on gross basis, the Bank may also face a calculating risk, in other words the risk that the Bank will fulfill its liabilities and the counterparty will not be able to pay the amount due.

Risks on guarantees, letters of credit and loan commitments

The Bank provides to its customers the possibility of obtaining guarantees under the conditions of which the Bank may need to make payments on behalf of its customers, and undertakes the liabilities for issue loans to meet the need for liquid funds. In accordance with the terms of letters of credit and guarantees (including standby letters of credit), the Bank is obliged to make payments on behalf of customers in the event of certain events, usually related to the import or export of goods. Such contractual obligations expose the Bank to risks, which are similar to risks on loans, and the same risk management procedures and policies are used to mitigate such risks.

Definition of default and recovery

The Bank considers that the financial instrument has defaulted and, accordingly, refer it to the Basket 3 (credit-impaired assets) for the purpose of calculating the expected credit losses in any case when the borrower has delayed payment stipulated by the contract for 90 days. In the case of treasury and interbank transactions, the Bank finds that a default has occurred and takes immediate steps to remedy it if, at the close of the transaction, the necessary daily payments specified in separate transactions have not been made.

In the context of a qualitative estimation of the existence of a default on a customer, the Bank also considers a number of events that may indicate that payment is unlikely. In case of such events, the Bank shall carefully analyze if such an event may results in a default, and if assets will be classified in Basket 3 for purposes of calculating the expected credit losses or if Basket 2 will be appropriate. These events include the following:

- the borrower requests an extraordinary financing from the Bank;
- the borrower has overdue liabilities to creditors or employees;
- death of the borrower;
- a significant decrease in the cost of collateral when a loan repayment is expected as a result of a sale of collateral;
- a significant decrease in the borrower's turnover or loss of a large buyer;
- breach of covenants fulfillment of which the Bank does not waive the right to demand;
- the debtor (or a legal entity within the debtor group) filed for bankruptcy or declared bankrupt;

- trading of the debtor's quoted or share instruments is terminated on the main stock exchange market in connection with the foreseeable or actual financial complications.

Treasury, trade and interbank relations

The Bank's treasury, trade and interbank relations include relationships with counterparties such as financial services organizations, banks, broker-dealers, exchange markets and clearing organizations. To assess such relationships, the Bank's Risk Analysis and Estimation Department analyzes publicly available information such as financial statements and data from other external sources.

Commercial lending and lending for small business enterprises

Credit risk estimation is based on:

• Historical financial information together with forecasts and budgets prepared by client. Such financial information includes data on received and expected results, solvency ratios, liquidity ratios and any other ratios relevant for assessing the financial results of the client's activities. Some of these metrics are enshrined in contracts with clients, and therefore, more attention is paid to their estimation.

• Macroeconomic or geopolitical information, such as GDP growth rates for a specific industry and geographic regions in which a customer operates.

• Other substantiated and validated information on the quality of management and client capabilities that is relevant for determining the results of activity of the organization.

The level of complexity and detalization of credit quality estimation methods differ depending on the Bank's risk exposure and customer complexity and size.

Exposure At Default

The amount at risk of default is the gross carrying amount of the financial instrument to which the impairment requirements apply.

Loss Given Default

Credit risk assessment is based on a standard LGD assessment model that sets specific LGD levels. These LGD levels take into account the expected rate of ED compared to the amounts that are expected to be restored or realized as a result of the sale of the held collateral.

The Bank consolidates its retail credit products into homogeneous groups on the basis of key characteristics relevant for estimating of future cash flows. For this purpose is used information on past losses and a wide range of characteristics inherent in operations (for example, product type, more varied types of collateral) and the characteristics of the borrower are considered.

Next, new data and forecast economic scenarios are used to determine the level of LGD under IFRS 9 for each group of financial instruments. When estimating forecast information, the expected results are based on multiple scenarios.

Significant increase in credit risk

The Bank continually reviews all assets subject to impairment requirements. To determine the amount of the impairment allowance for an instrument or portfolio of instruments (i.e., 12-months ECL or over 12 months ECL), the Bank analyzes whether there has been a significant increase in credit risk on that instrument or instrument portfolio since initial recognition.

The Bank also applies an additional qualitative method to indicate that there has been a significant increase in credit risk on the asset, such as a list of problematic clients / instruments or asset restructuring.

In the case of a group-by-asset assessment of ECL of a group of similar assets, the Bank applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Grouping of financial assets, which are estimated on a group basis

Depending on the factors below, the Bank assesses the ECL on an individual or group basis. The types of assets on which the Bank assesses an ECL on an individual basis include the following:

• all assets of Basket 3 exceeding 1% of the Bank's regulatory capital.

The types of assets on which the Bank assesses the ECL on a group basis include the following:

• small and standard assets within the credit portfolio;
• mortgages and consumer loans in Baskets 1 and 2;
• acquired credit-impaired financial assets that are being managed on a group basis.

The Bank consolidates these financial assets into homogeneous groups, depending on their internal and external characteristics.

Summary of Modified and Restructured Loans
In terms of risk management, when asset conditions are revised or modified, the non-performing assets division continues to track the position as long as their recognition is completely stopped.

At the reporting date, the Bank did not have such loans.

Analysis of risk concentration

The Bank manages risk concentrations with a breakdown by geographical region.

The following table shows the concentration of risk by industry by geographical region.

Concentration of loan portfolio within particular industries as of January 01, 2019

(th. UAH)

Industry	Indebtness taking into account off-balance sheet liabilities	Concentration, %
Manufacturing	179 705	38,2
Construction	1 910	0,4
Trading (south region)	3 149	0,7
Trading (east region)	128 125	27,2

Trading (west region)	35 480	7,5
Trading (central region)	10 176	2,2
Storage service	15 331	3,3
Agricultural economy (east region)	36 744	7,8
Agricultural economy (west region)	50 745	10,8
Financial services providing	1 568	0,3
Leasing	1 828	0,4
Public organizations activity	508	0,1
Actual balance	5 621	1,2
Total	**(470 890)**	**(100,0)**
Financial resources loans, which are not included to estimation of credit risk	506 111	-

Collateral and other mechanisms to improve credit quality.
The amount and type of suretyship are required depend on the counterparty credit risk assessment. The principles of eligibility and evaluation of each type of security are established.

The main types of received suretyship include the following:
• In commercial and small business lending - pledge of real estate stocks and movable property

• In the case of lending to individuals, there is a security deposit for cars and housing.

The Bank also receives guarantees from the parent organizations on loans to subsidiaries.

The Bank monitors the market value of received collateral and invites additional collateral in accordance with the underlying agreement.

The Bank adheres to the principles of caution and prudence when forming a loan portfolio. The implementation of these principles is ensured by a qualitative estimation of the solvency of the borrower and the value of collateral, regular monitoring of the state of debt servicing and the status of collateral during the term of the loan agreement.

The Bank restricts the risks of credit and investment operations by setting internal limits and credit risk limits, complying with credit risk standards established by the National Bank of Ukraine and creating reserves to compensate for possible losses from active operations (credit operations, operations with securities, other active operations).
Given the above, the Bank's credit risk level is manageable.

During the reporting period, the Bank steadily adhered to all credit risk standards established by the National Bank of Ukraine, with the exception of the credit risk standard for operations with parties associated with the Bank:

Actual value as of	**The name of the standard and its value as of the monthly reporting dates of 2019**		
	H7 - maximum credit risk standard per counterparty (no more than 25%)	**H8 – standard for large credit risks (not more than 800%)**	**H9 – standard for the maximum amount of credit risk for operations with parties related to the bank (no more than 25%)**
01.01.2018	10,79	33,83	2,80
01.02.2018	11,56	43,70	0,05
01.03.2018	11,38	32,76	0,04
01.04.2018	10,89	32,51	0,66
01.05.2018	10,95	32,93	0,51

01.06.2018	10,94	42,42	0,89
01.07.2018	10,84	32,03	0,77
01.08.2018	19,09	65,12	1,01
01.09.2018	17,22	73,05	0,93
01.10.2018	18,00	68,99	1,51
01.11.2018	17,86	56,13	4,89
01.12.2018	17,39	63,99	3,51
01.01.2019	18,63	71,42	21,25

Market risk

Market risk is the probability of losses or additional losses or shortfalls in planned income due to adverse changes in foreign exchange rates, interest rates, and the value of financial instruments. Financial assets include cash, foreign currency, and securities. The main market risk for the Bank is currency risk.

The source of the occurrence of currency risk is a mismatch between the balance sheet requirements and off-balance sheet claims and liabilities for individual currencies. Currency risk management is carried out both by monitoring compliance with the open currency position limits established by the National Bank of Ukraine, and by setting internal currency position limits for individual currencies and operations.

Quantitative measurement of currency risk is carried out by the Bank using VAR - analysis. According to calculations at the end of the 2018, the Bank's losses from exposure to currency risk over the next calendar month

with a probability of 99% will not exceed 0.03% of the regulatory capital.

During the reporting year, the Bank steadily adhered to the open currency position limits established by the National Bank of Ukraine:

Actual value as of	The name of the standard and its value as of the monthly reporting dates of 2019	
	L13-1 – limit of the long open foreign currency position of the bank (no more than 5%)	L13-2 – limit of a short open foreign currency position of a bank (no more than 5%)
01.01.2018	0,7345	1,8380
01.02.2018	0,3545	0,5059
01.03.2018	0,2954	0,2586
01.04.2018	1,3408	0,4463
01.05.2	0,2180	0,5506

018		
01.06.2018	0,2895	0,2095
01.07.2018	0,2894	0,2894
01.08.2018	0,3275	0,0947
01.09.2018	0,8636	0,3635
01.10.2018	0,9971	0,0173
01.11.2018	0,1909	0,2637
01.12.2018	1,8244	0,0000
01.01.2019	0,3476	0,3995

Table 27.1 Analysis of currency market

(th. UAH)

Line	Currency name	As of reporting date of 2018			As of reporting date of 2017		
		monetary assets	monetary liabilities	net position	monetary assets	monetary liabilities	net position
1	US dollar	555 726	555 547	179	486 046	480 867	5 179
2	Euro	64 780	65 546	(766)	43 135	43 337	(242)
3	Russian ruble	6 459	6 844	(385)	43 741	48 700	(4 959)
4	Pound sterling	209	1	208	295	1	294
5	Swiss franc	39	0	39	142	0	142

6	Zloty	576	0	576	0	0	0
7	**Total**	**627 789**	**627 938**	**(149)**	**573 359**	**572 945**	**414**

Table 27.2 Change of financial result and equity capital as a result of possible changes of exchange rate, which are established on reporting date, under the stipulation that all other changes variabilities stay the same

A)

(th. UAH)

Line	Item name	As of reporting date of 2018	
		impact on profit / (loss)	impact on equity capital
1	US dollar strengthening to 3 %	5	5
2	US dollar weakening to 3 %	(5)	(5)
3	Euro strengthening to 5 %	(38)	(38)
4	Euro weakening to 5 %	38	38
5	Russian ruble strengthening to 8 %	(31)	(31)
6	Russian ruble weakening to 8 %	31	31
7	Other currencies strengthening to 5 %	41	41
8	Other currencies weakening to 5 %	(41)	(41)

B)

(th. UAH)

Lin	Item name	As of reporting date of 2017	
		impact on	impact on

e		profit / (loss)	equity capital
1	US dollar strengthening to 3 %	155	155
2	US dollar weakening to 3 %	(155)	(155)
3	Euro strengthening to 5 %	(44)	(44)
4	Euro weakening to 5 %	44	44
5	Russian ruble strengthening to 8 %	(397)	(397)
6	Russian ruble weakening to 8 %	397	397
7	Other currencies strengthening to 5 %	22	22
8	Other currencies weakening to 5 %	(22)	(22)

Table 27.3 Change of financial result and equity capital as a result of possible changes of exchange rate, which is established as average weighted one, under the stipulation that all other changes variabilities stay the same

A)

(th. UAH)

Line	Item name	Average weighted exchange rate of 2018	
		impact on profit / (loss)	impact on equity capital

1	US dollar strengthening to 3 %	5	5
2	US dollar weakening to 3 %	(5)	(5)
3	Euro strengthening to 5 %	(39)	(39)
4	Euro weakening to 5 %	39	39
5	Russian ruble strengthening to 8 %	(34)	(34)
6	Russian ruble weakening to 8 %	34	34
7	Other currencies strengthening to 5 %	42	42
8	Other currencies weakening to 5 %	(42)	(42)

B)

(th. UAH)

Line	**Item name**	**Average weighted exchange rate of 2017**	
		impact on profit / (loss)	**impact on equity capital**
1	US dollar strengthening to 3 %	147	147
2	US dollar weakening to 3 %	(147)	(147)
3	Euro strengthening to 5 %	(39)	(39)
4	Euro weakening to 5 %	39	39
5	Russian ruble strengthening to 8 %	(371)	(371)
6	Russian ruble weakening to 8 %	371	371
7	Other currencies strengthening to 5 %	20	20
8	Other currencies weakening to 5 %	(20)	(20)

The source of ***interest rate risk for the banking book*** is the imbalance of assets and liabilities that are sensitive to changes in interest rates. This risk affects both the profitability of the Bank and the economic value of its assets, liabilities and off-balance sheet instruments. The Bank at fixed interest rates accrues interest on financial assets and liabilities.

The Bank manages the interest rate risk of the banking book by setting the Assets and Liabilities Committee the limits of imbalances between assets and liabilities sensitive to changes in interest rates, as well as approving minimum placement rates (maximum borrowing rates). The Bank has a low level of sensitivity to interest rate risk due to its liability structure (22% of liabilities are equity capital of the Bank, 54% are demand funds).

The quantitative measurement of the banking book's interest rate risk is performed by the Bank using a method of duration whereby interest-bearing assets and liabilities become sensitive to changes in interest rates upon the expiry of the contract or when the scheduled interest-rate review period has reached. At the end of 2018, with a moderate scenario (21% interest rate reductions relative to current ones), the Bank's potential losses from interest rate risk during

three months of 2019 will not exceed 0.1 % of regulatory capital, which conform to minimal level of risk.

Table 27.4 General analysis of interest risk

(th. UAH)

Line	Item name	On demand and less than 1 month	From 1 to 12 months	1 year and more	Total
2018					
1	Total financial assets	321 096	595 754	57 845	974 695
2	Total financial liabilities	191 740	307 517	-	499 257
3	Net gap on interest rates at the end of the day December 31, 2018	129 356	288 237	57 845	475 438
2017					
4	Total financial assets	451 550	581 047	65 683	1 098 280
5	Total financial liabilities	251 204	286 743	-	537 947
6	Net gap on interest rates at the end of the day December 31, 2017	200 346	294 304	65 683	560 333

Table 27.5 Monitoring of interest rates on financial instruments

Line	Item name	2018				2017			
		Hryvnia	US dollar	Euro	other	Hryvnia	US dollar	Euro	other
	Assets								
1	Cash and cash equivalents	-	-	-	-	-	-	-	-
2	Bank loans and debt	12,04	0,05	-	1,07	10,87	0,10	0,00	5,16
3	Customer loans and debt	18,23	7,18	9,11	-	19,41	7,77	9,21	-
4	Financial investments at								

	amortized cost	16,48	-	-	-	12,22	-	-	-
	Liabilities								
7	Bank funds	-	-	-	-	-	-	-	-
8	Customer funds	10,09	1,92	1,22	1,63	7,35	1,38	3,69	1,86
8.1	Current accounts	8,43	0,96	0,06	1,63	7,07	0,75	0,46	1,86
8.2	Term funds	14,26	3,06	6,45	-	15,07	3,17	6,92	-

Table 27.6 Analysis of geographic concentration of financial assets and liabilities as of 2018

Line	Item name	Ukraine	OECD	Other countries	Total
	ASSETS				
1	Cash and cash equivalents	118 298	-	-	118 298
2	Bank loans and debt	228 169	-	4 175	232 344
3	Customer loans and debt	676 959	-	-	676 959
4	Financial investments at amortized cost	300 768	-	-	300 768
5	Other financial assets	30 690	-	-	30 690
6	**Total financial assets**	**1 354 884**	**-**	**4 175**	**1 359 059**
	LIABILITIES				
7	Customer funds	1 096 593	-	27	1 096 620
8	Other financial liabilities	1 631	-	-	1 631
9	**Total financial liabilities**	**1 098**	**-**	**27**	**1 098**

		224			**251**
10	Net balance sheet item on financial instruments	256 633	-	4 175	260 808
11	Credit-related liabilities	289 087	-	-	289 087

Table 27.7 Analysis of geographic concentration of financial assets and liabilities as of 2017

Line	Item name	Ukraine	OECD	Other countries	Total
	ASSETS				
1	Cash and cash equivalents	63 908	-	-	63 908
2	Bank loans and debt	99 677	-	441	100 118
3	Customer loans and debt	665 243	-	-	665

					243
4	Financial investments at amortized cost	440 508	-	-	440 508
5	Other financial assets	12 252	-	-	12 252
6	**Total financial assets**	**1 281 588**	**-**	**441**	**1 282 029**
	LIABILITIES				
7	Customer funds	1 048 802	-	22	1 048 824
8	Other financial liabilities	1 327	-	-	1 327
9	**Total financial liabilities**	**1 050 129**	**-**	**22**	**1 050 151**
10	Net balance sheet item on financial instruments	231 438	-	441	231 879
11	Credit-related liabilities	109 417	-	-	109 417

Equty risk

Equty risk is an existing or potential risk for income and capital; it arises from adverse fluctuations in the value of securities that have constant quotations on an organized stock exchange market.

The overall objective of the Bank's risk management is to limit the Bank's equity value reductions caused by adverse differences in securities value through constant monitoring of the Bank's trading positions and control over the value of the securities portfolio, thereby protecting the interests of depositors and other creditors and shareholders. Equty risk management of the Bank consist in determining the amount of the unapproved position that exposes the Bank to risk, and in determining the shock value of an external factor change - the exchange rate. The result of the study gives an idea of what amount of losses or income the Bank will receive if events develop beyond the assumed assumptions.

Risk estimation is performed on a monthly basis and the results are submitted to the Asset and Liability Management Committee for decision on adjusting the market risk profile based on the results of stress testing.

At the end of the reporting year, the Bank's trading portfolio includes securities with a carrying amount at a acquisition cost to the amount of 14,899 thousand UAH. Due to the May-August 2015 deletion from the stock exchange, devaluation of stock of shares was performed. The Bank's losses amounted to 14,899 th. UAH. The fair value of the securities trading portfolio is zero.

Liquidity risk

Liquidity risk is the probability of losses or additional losses or shortfalls in planned income due to the Bank's inability to finance the growth of assets and/or fulfillment of its liabilities in due time.

The source of liquidity risk is the imbalance of assets and liabilities by maturity.

The Bank’s liquidity risk management policy is aimed at achieving the optimal balance between liquidity risk and the Bank’s profitability, ensuring timely fulfillment of all liabilities to customers and counterparties in full and without unnecessary losses by balancing the volume of the Bank’s assets and liabilities by maturity.

The operational liquidity management of the Bank is carried out by the Treasury and financial institutions. Scheduled liquidity management is carried out by the Assets and Liabilities Management Committee, which on the basis of analytical information makes a monthly decision to optimize the Bank's balance sheet structure by setting credit and investment transaction limits and adjusting assets and liabilities by volume and maturity terms.

Based on the results of stress testing of liquidity risk in a moderate scenario, it was established that the Bank will not incur losses to restore liquidity. Liquidity risk is minimal.

To ensure liquidity in the event of unforeseen crisis circumstances, the Bank adopted an Action Plan in the context of a liquidity crisis, which defines the basic principles of anti-crisis liquidity management. During the reporting period, the Bank adhered to liquidity standards established by the National Bank of Ukraine:

Actual value as of	The name of the standard and its value as of the monthly reporting dates of 2018		
	S4 – instant liquidity standard (not less than 20%)	S5 – current liquidity standard (not more than 40%)	S6 – short-term liquidity standard (not less than 60%)
01.01.2018	118,98	82,16	114,92
01.02.2018	116,51	88,05	113,93
01.03.2018	110,98	92,17	109,52
01.04.2018	112,78	90,87	111,17
01.05.2018	165,98	116,76	117,46
01.06.2018	161,91	95,98	109,25
01.07.2018	181,22	97,76	112,73
01.08.2018	179,46	110,09	110,69
01.09.2018	133,70	83,68	110,31

01.10.2018	124,58	85,53	113,85
01.11.2018	117,69	88,29	116,17
01.12.2018	125,29	83,96	122,04
01.01.2019	109,75	86,45	115,87

The tables below show the Bank's liabilities as of December 31, 2018 and December 31, 2017, with the remaining maturities specified in the agreements. The amounts in the table are the undiscounted cash flows on the transaction, including the total amount of the loan and financial guarantee obligations. These non-discounted cash flows are different from the amounts presented in the statement of financial position because the carrying amounts are based on discounted cash flows.

Table 27.8 Maturity analysis for financial liabilities as of 2018

(th. UAH)

Line	Item name	On demand and less than 1 month	From 1 to 12 months	1 year and more	Total
1	Customer funds:	785 943	342 247	-	1 128 190
1.1	*Individuals funds*	237 204	313 013	-	550 217
1.2	*Other*	548 739	29 234	-	577 973

2	Other financial liabilities	1 624	7	160	1 791
3	Financial guarantees	-	-	-	-
4	Other credit related liabilities	45 608	216 867	26 612	289 087
5	**Total potential future payments for financial liabilities**	**833 175**	**559 121**	**26 772**	**1 419 068**

Table 27.9 Maturity analysis for financial liabilities as of 2017

(th. UAH)

Line	Item name	On demand and less than 1 month	From 1 to 12 months	1 year and more	Total
1	Customer funds:	761 854	330 779	-	1 092 633
1.1	*Individuals funds*	250 432	305 479	-	555 911
1.2	*Other*	511 422	25 300	-	536 722
2	Other financial liabilities	749	572	6	1 327
3	Financial guarantees	117	120	-	237
4	Other credit related liabilities	4 631	100 449	4 100	109 180
5	**Total potential future payments for financial liabilities**	**767 351**	**431 920**	**4 106**	**1 203 377**

The Bank does not use the maturity analysis given above excluding discounting to manage liquidity. Instead, the Bank monitors the expected maturities that are set out in the tables below as of December 31, 2018 and December 31, 2017.

Table 27.10 Maturity analysis of financial assets and liabilities based on expected maturities as of 2018

(th. UAH)

Line	Item name	On demand and less than 1 month	From 1 to 12 months	From 12 months to 5 years	5 years and more	Total
	Assets					
1	Cash and cash equivalents and required reserves of the Bank in the National Bank of Ukraine:	118 298	-	-	-	118 298
2	Bank loans and debt	232 344	-	-	-	232 344
3	Customer loans and debt	28 127	592 334	56 497	1	676 959
4	Financial investments at amortized cost	300 768	-	-	-	300 768
5	Other financial assets	29 993	-	5	-	29 993

6	**Total financial assets**	**709 530**	**592 334**	**56 502**	**1**	**1 358 367**
	Liabilities					
7	Customer funds	784 612	312 008	-	-	1 096 620
8	Other financial liabilities	1 624	7	160	-	1 791
9	**Total financial liabilities**	**786 236**	**312 015**	**160**		**1 098 411**
10	**Net liquidity gap at the end of the day December 31**	**(76 706)**	**280 319**	**56 342**	**1**	**259 956**
11	**Cumulative liquidity gap at the end of the day December 31**	**(76 706)**	**203 613**	**259 955**	**259 956**	**259 956**

Table 27.11 Maturity analysis of financial assets and liabilities based on expected maturities as of 2017

(th. UAH)

Line	Item name	On demand and less	From 1 to 12 months	From 12	5 years and	Total

		than 1 month		months to 5 years	more	
	Assets					
1	Cash and cash equivalents and required reserves of the Bank in the National Bank of Ukraine:	63 908	-	-	-	63 908
2	Bank loans and debt	100 118	-	-	-	100 118
3	Customer loans and debt	17 424	575 757	62 025	37	655 243
4	Financial investments at amortized cost	440 508	-	-	-	440 508
5	Other financial assets	8 842	2 822	-	-	11 664
6	**Total financial assets**	**630 800**	**578 579**	**62 025**	**37**	**1 271 441**
	Liabilities					
7	Customer funds	757 834	290 990	-	-	1 048 824
8	Other financial liabilities	749	572	6	-	1 327
9	**Total financial liabilities**	**758 583**	**291 562**	**6**		**1 050 151**
10	**Net liquidity gap at the end**	**(127 783)**	**287 017**	**62 019**	**37**	**221**

	of the day December 31					**290**
11	**Cumulative liquidity gap at the end of the day December 31**	**(127 783)**	**159 234**	**221 253**	**221 290**	**221 290**

28. CAPITAL MANAGEMENT

The purpose of the Bank in managing capital is both to comply with regulatory requirements for capital established by the National Bank of Ukraine, and to ensure the Bank's ability to function as a continuously operating enterprise.

The Bank's capital management policy presupposes maintaining its size at a level necessary and sufficient to ensure due confidence on the part of creditors and other market participants, as well as future business development. At the same time, the effect of the level of capital on shareholder income is taken into account, in connection with which the Bank recognizes the need to maintain a balance between increasing profitability, which is possible as a result of a deterioration in the ratio of borrowed and own capital, and the advantages and stability that are ensured by the stability of the capital position.

The Bank's regulatory capital is calculated on the basis of accounting data in accordance with the requirements of the "Instructions on the Regulation of Banks in Ukraine," approved by the NBU Board of Directors N 368 dated August 28, 2001 (as amended).

As of January 1, 2019, the Bank met all regulatory requirements for capital established by the National Bank of Ukraine, namely:

- the value of the regulatory capital standard (H1) amounted to 288.2 million UAH. with the minimum required value of 200.0 million UAH;
- the value of the standard of sufficiency (adequacy) of regulatory capital (H2) amounted to 54.1% with the minimum required value of 41.7%;

The table below shows the regulatory capital calculated in accordance with the regulatory legal acts of the National Bank of Ukraine.

Table 28.1 Regulatory capital structure

(th. UAH)

Line	**Item name**	**December 31, 2018**	**December 31, 2017**
1	Common Equity Tier 1 Capital	234 256	240 603

1.1	Actual registered capital paid	200 000	200 000
1.2	Disclosed provisions created or increased due to retained earnings and made public in the financial statements of the bank:	43 346	43 258
1.2.1	Reserve funds created in accordance with the laws of Ukraine	4 334	4 247
1.2.2	Equity differences	39 012	39 011
1.3	Common Equity Capital Decrease:	(9 090)	(2 655)
1.3.1	Reacquired stock		-
1.3.2	Intangible assets exclusive of depreciation	(7 890)	(801)
1.3.3	Capital investments in intangible assets	(1 200)	(1 854)
1.3.4	Estimated loss of the current year	-	-
2	Additional Tier 2 Capital	53 970	57 962
2.1	Standard debt reserve		-
2.2	Estimated profit of the current year	36 121	28 180
2.3	Profit of past years	31 467	30 450
2.4	Uncovered credit risk	(13 618)	(668)
	REGULATORY CAPITAL	**288 226**	**298 565**

29. POTENTIAL LIABILITIES

This note reflects the amount of potential liabilities of the Bank at the end of the day December 31, 2018, in particular:

a) consideration of cases in court.

During the 2018, the courts of Ukraine considered cases where the party to the case was JSC MOTOR-BANK and which were decided in favor of the bank, as a result of which the total amount of overdue debts was reduced, conditional liabilities, according to the results of court cases, for the Bank did not arise.

b) potential tax liabilities.

At the end of the day, December 31, 2018, the Bank's management believes that its interpretation of tax legislation is correct, the Bank fully complied with the requirements of the law and paid all taxes, so the Bank has no unforeseen liabilities related to the occurrence of tax liabilities.

c) liabilities for capital investments.

At the end of the day, December 31, 2018, contractual liabilities related to the acquisition of intangible assets are 300 th. UAH., for capital investments - 5 thousand UAH.

At the end of the day, December 31, 2017, contractual liabilities related to the acquisition of intangible assets were 1 420 th. UAH., for capital investments - 61 thousand UAH.

d) leasing (rental) liabilities

As of the end of December 31, 2018, under operating leasing according to the trustworthy agreements on operating leasing are located non-residential premises housing the Bank's establishments (Units No. 2, 3, Unit "Zaporizhzhia Regional Directorate of JSC MOTOR-BANK", Volochysk Unit, Lviv Unit, Dnipro Unit, Mykolaiv Unit, Kharkiv Unit, Representative Office in Kyiv).

Table 29.1 Future minimal leasing payments according to the trustworthy agreements on operating leasing

(th. UAH)

Line	Item name	2018	2017
1	Less than 1 year	4 172	1 805
2	From 1 to 5 years	2 681	1 378
3	**Total**	**6 853**	**3 183**

e) compliance with special requirements.

At the end of the day, December 31, 2018 and December 31, 2017 the Bank did not have any agreements on borrowed funds with other credit organizations.

f) loan liabilities.

To meet the financial needs of customers, the Bank assumes various irrevocable contractual liabilities and contingent liabilities. These include financial guarantees, letters of credit, and other loan liabilities. Although such liabilities may not be recognized in the statement of financial position, they carry credit risk and, therefore, are part of the Bank's overall risk appetite.

In accordance with the terms of letters of credit and guarantees (including standby letters of credit), the Bank is obligated to make payments on behalf of customers when certain events occur. Guarantees are subject to the same credit risk as loans. The nominal values of such contractual liabilities are shown in the table below.

Liabilities related to lending represent unused amounts intended for lending in the form of loans, guarantees. Liabilities for lending to customers that are provided through credit lines, under which funds are provided at the request of counterparties, that is, they are irrevocable and risky. Guarantees are irrevocable guarantees that the Bank will make payments in favor of third parties in the event customers fail to fulfill their liabilities and have the same risk as loans.

With regard to credit risk on loan liabilities, banks do not incur losses in the total amount of unused liabilities in the event that the unused amount of such loans is fully disbursed to customers, since the fulfillment of most loan liabilities depends on customers' creditworthiness. The total amount of unused credit lines and transaction guarantees does not necessarily represent future cash requirements, since the term of validity of such financial instruments may end without financing.

Table 29.2 Structure of loan liabilities

(th. UAH)

Line	Item name	2018	2017
1	Credit liabilities that are provided	277 149	2 637

2	Unused credit lines	11 541	106 543
3	Guarantees provided	397	237
4	Provisions for loan related liabilities	(518)	-
5	**Total liabilities associated with lending exclusive of provision**	**288 569**	**109 417**

Table 29.3. Loan liabilities in the context of currencies

(th. UAH)

Line	Item name	2018	2017
1	Hryvnia	93 100	25 215
2	US dollar	195 469	84 202
3	Other	-	-
4	**Total**	**288 569**	**109 417**

g) there are no Assets pledged by the Bank as of December 31, 2018 and December 31, 2017.

30. FAIR VALUE

Fair value is the price at which an ordinary transaction of sale of an asset or a transfer of liabilities between market participants would take place at the estimation date under current market conditions (ie, the starting price at the estimation date from the perspective of the market participant holding the asset or having a liability).

The results of the fair value measurement of financial instruments for disclosure purposes are divided into three levels of the fair value hierarchy based on the possibility of observing it as follows:

Stage 1 - estimations are based on determined prices in active markets for similar assets or liabilities to which the Bank is able to access. Assessment adjustments and discounts are not applied to these financial instruments. Because assessments are based on determined prices that already exist and regularly available in an active market, the assessment of these products does not imply the use of material professional judgment.

Stage 2 - estimations are based on information for which all essential data can be directly or indirectly obtained through observation, and assessments use one or more determined observable prices for normal transactions in markets that are not considered active.

Stage 3 - estimations are based on non-observable information and are important for an overall fair value measurement. Fair value is determined using valuation techniques because the input for an asset or liability is not publicly available or there is no market data for such assets or liabilities.

For the purpose of disclosing fair value, the Bank has determined the classes of assets and liabilities based on nature, the characteristics of the risks on the asset or liability, and the level of the hierarchy of sources of fair value. The Bank uses professional judgment to divide financial instruments into categories.

Table 30.1. Fair value and levels of hierarchy of input data that were used for procedures of estimation of assets and liabilities as of December 31, 2018

(th. UAH)

Line	Item name	Fair value by various estimation models			Total fair value	Total carrying amount
		marketing quotation (Stage 1)	estimation model which uses observations (Stage 2)	estimation model which uses data not sustained by market (Stage 3)		
I. Assets						
1	Cash and cash equivalents	-	-	118 298	118 298	118 298
1.1	Cash	-	-	78 146	78 146	78 146
1.2	Funds in National Bank of Ukraine (expect for required reserves)	-	-	40 152	40 152	40 152
2	Bank loans and debt	-	-	232 344	232 344	232 344
2.1	Correspondent accounts	-	-	232 344	232 344	232 344
3	Customer loans and debt	-	-	676 959	676 959	676 959
3.1	Loans granted to legal entities	-	-	672 059	672 059	672 059
3.2	Individual mortgage loans	-	-	97	97	97
3.3	Loans granted to	-	-	4 803	4 803	

	individuals for current needs					
4	Financial investments at fair value through profit/loss	-	-	-	-	-
5	Financial investments at amortized cost	-	-	300 768	300 768	300 768
5.1	Debt securities issued by National Bank of Ukraine	-	-	300 768	300 768	300 768
6	Other financial assets	-	-	29 998	29 998	29 998
6.1	Restricted cash			14 028	14 028	14 028

6.2	Other financial assets	-	-	15 970	15 970	15 970
7	Investment property	-	-	48	48	48
8	Fixed assets and intangible assets	-	-	54 590	54 590	54 590
8.1	Buildings, facilities and transmitting devices	-	-	46 701	46 701	46 701

8.2	Intangible assets	-	-	7 889	7 889	7 889
9	**Total assets**	**-**	**-**	**1 413 055**	**1 413 055**	**1 413 055**
II	**Liabilities**					
10	Customer funds	-	-	1 096 620	1 096 620	1 096 620
10.1	Other legal entities	-	-	563 313	563 313	563 313
10.2	Individuals	-	-	533 307	533 307	533 307
11	Other financial liabilities	-	-	1 791	1 791	1 791
11.1	Payment card transactions payable	-	-	1 156	1 156	1 156
11.2	Other financial liabilities	-	-	635	635	635
12	**Total liabilities**	-	-	**1 098 411**	**1 098 411**	**1 098 411**

Table 30.2. Fair value and levels of hierarchy of input data that were used for procedures of estimation of assets and liabilities as of December 31, 2017

(th. UAH)

Line	Item name	Fair value by various estimation models			Total fair value	Total carrying amount
		marketing quotation (Stage 1)	estimation model which uses observations (Stage 2)	estimation model which uses data not sustained by market (Stage 3)		
I. Assets						
1	Cash and cash equivalents	-	-	63 908	63 908	63 908
1.1	Cash	-	-	44 357	44 357	44 357
1.2	Funds in National Bank of Ukraine (expect for required reserves)	-	-	19 551	19 551	19 551
2	Bank loans and debt	-	-	100 118	100 118	100 118
2.1	Correspondent	-	-	100 118	100	100

	accounts				118	118
3	Customer loans and debt	-	-	644 756	644 756	655 243
3.1	Loans granted to legal entities	-	-	642 120	642 120	652 274
3.2	Individual mortgage loans	-	-	9	9	9
3.3	Loans granted to individuals for current needs	-	-	2 627	2 627	2 690
4	Financial investments at fair value through profit/loss	-	-	-	-	-
5	Financial investments at amortized cost	-	-	440 508	440 508	440 508
5.1	Debt securities issued by National Bank of Ukraine	-	-	440 508	440 508	440 508
6	Other financial assets	-	-	11 664	11 664	11 664

6.1	Restricted cash			11 420	11 420	11 420
6.2	Other financial assets	-	-	244	244	244

7	Investment property	-	-	50	50	50
8	Fixed assets and intangible assets	-	-	39 438	39 438	39 438
8.1	Buildings, facilities and transmitting devices	-	-	38 638	38 638	38 638
8.2	Intangible assets	-	-	800	800	800
9	**Total assets**	**-**	**-**	**1 300 442**	**1 300 442**	**1 310 929**
II	**Liabilities**					
10	Customer funds	-	-	1 048 824	1 048 824	1 048 824
10.1	Other legal entities	-	-	508 002	508 002	508 002
10.2	Individuals	-	-	540 822	540 822	540 822
11	Other financial liabilities	-	-	1 327	1 327	1 327
11.1	Payment card transactions payable	-	-	330	330	330
11.2	Other financial liabilities	-	-	997	997	997
12	**Total liabilities**	-	-	**1 050 151**	**1 050 151**	**1 050 151**

Table 30.3 Impact of possible alternative hypotetics on the estimation of the fair value of instruments using estimation models, which used input data of Stage 3

(th. UAH)

Line	Name item	2018		2017	
		Carrying amount	Impact of possible alternative hypotetics	Carrying amount	Impact of possible alternative hypotetics
1	2	3	4	5	6
1	Financial investments at fair value through profit/loss	-	-	-	-
1.1	shares of enterprises	14 899	-	14 899	-
1.1.1	Revaluation/devaluation of shares	(14 899)	-	(14 899)	-
3	**Remaining balance as of December 31**	**-**	**-**	**-**	**-**

As of December 31, 2018 and December 31, 2017, all available shares of enterprises that are carried at fair value through profit or loss are not quoted (as of 2015, they were transferred from the first to the third level of the hierarchy). For three issuers whose shares are measured at fair value through profit or loss, the National Securities and Stock Market Commission has stopped trading securities on any stock exchange (see Note 7). As of the reporting date, the Bank does not expect significant changes in the usefulness of securities.

If the market for a financial instrument is not active, the Bank establishes fair value using the following methods:

- a valuation method based on the use of recent market transactions between knowledgeable, interested and independent parties (if available);

- the method of reference to the present value of another identical instrument (similar in currency, term, interest rate type, cash flow structure, credit risk, collateral and other features);

- method of analysis of discounted cash flows, etc.

These methods are applied by the Bank in determining the Bank's interest rate and interest rates and are the criteria for the fair value of financial instruments.

Fair value is defined as the value at which a financial instrument may be purchased in the course of a transaction between knowledgeable, independent parties that intend to conduct such transaction, except in cases of forced or liquidation sale. The assessments presented in these financial reporting reflect the most probable amounts that the Bank would be able to obtain in the actual implementation of certain financial instrument.

Fair value: Cash and cash equivalents are assumed to be equal to the carrying amount due to the insignificant impact of the time factor.

- *customer loand and debts*

The fair value of the loan portfolio is based on the characteristics of the loan servicing and the interest rate of the individual loans under the lending programs. The Bank recognizes gains / losses on credit operations if the market rate differs from the nominal rate. Loans and customer debts (except for credit lines, overdrafts where it is not possible to reliably determine the number of tranches and short-term loans up to 3 months) after initial recognition are accounted for at amortized cost using the effective interest method.

- *other financial assets*

At initial recognition, the fair value of other financial assets equals to the amount actually paid by the funds. At each balance sheet date after initial recognition, the Bank analyzes receivables by maturity and creates a reserve in case of impairment of this asset.

Therefore, current receivables, weighted by the amount of the provision for doubtful debts, are included in the balance sheet at net realizable value.

- *customers funds*

The Bank recognizes profit / loss on deposit operations if the market rate differs from the nominal rate. For deposits with a maturity of up to three months, the fair value is approximately equal to the carrying amount due to the comparable short-term nature of these financial instruments. For longer-term deposits, the interest rates applied reflect market rates and, accordingly, the fair value approximates the carrying amount.

As of December 31, 2018 and December 31, 2017, all financial liabilities of the Bank are accounted for at amortized cost.

Below there are the used discount rates, which depend on the type of currency and the term of the financial instrument and the counterparty credit risk:

	2018	2017
Loans granted to legal entities	1,66-21,5 %	0-23 %

Individual mortgage loans	18 %	19 %
Loans granted to individuals for current needs	16-36 %	18-36 %
Term deposits of legal entities	0,7 - 17 %	0,7 - 15,5 %
Individual term deposits	1,25 – 18 %	0,5 – 19 %

31. PRESENTATION OF FINANCIAL INSTRUMENTS BY RATING CATEGORY

Table 31.1 Financial assets by rating categories as of 2018

For the purposes of estimation IFRS 9 “Financial Instruments” the classification and measurement of financial assets is based on the characteristics of the cash flows provided by the contract and depending on the business model which is used by the Bank to manage those assets:

1) At amortized cost

2) At fair value with the recognition of revaluation in other comprehensive income

3) At fair value through profit/loss.

(th. UAH)

Line	Item name	At amortized cost	At fair value through profit/loss	At fair value with the recognition of revaluation in other comprehensive income	Total
	ASSETS				
1	Cash and cash equivalents	118 298	-	-	118 298
2	Bank loans and debt:	232 344	-	-	232 344
2.1	Correspondent accounts	232 344	-	-	232 344
3	Customer loans and debt:	676 959	-	-	676 959
3.1	Loans granted to legal entities	672 059	-	-	672 059
3.2	Individual mortgage loans	97	-	-	97
3.3	Loans granted to individuals for current needs	4 803	-	-	4 803
4	Financial investments at fair value through profit/loss	-	-	-	-
5	Financial investments at amortized cost	300 768	-	-	300 768
6	Other financial assets:	29 998	-	-	29 998
6.1	Restricted cash	14 028	-	-	14 028

6.2	Other financial assets	15 970			15 970
8	**Total financial assets**	**1 358 367**	**-**	**-**	**1 358 367**

Table 31.2 Financial assets by rating categories as of 2017

For the purposes of estimation IAS 39 “Financial instruments: recognition and estimation”, the following categories of financial assets are established: (a) loans and receivables; b) assets available for sale; (c) financial assets held to maturity; and (d) financial assets carried at fair value through profit/loss. The table below shows the comparison of financial assets by these rating categories as of December 31, 2017.

(th. UAH)

Line	Item name	Loans and receivables	Assets available for sale	Financial assets at fair value with a display of revaluation as profit (loss)	Investments held to maturity	Total
	ASSETS					
1	Cash and cash equivalents and required reserves of the Bank in National Bank of Ukraine	63 908	-	-	-	63 908
2	Other financial assets accounting at fair value through profit/loss:	-	-	-	-	-
3	Funds in other banks:	100 118	-	-	-	100 118
3.1	Correspondent	100 118	-	-	-	100

	accounts					118
4	Customer loans and debt:	655 243	-	-	-	655 243
4.1	Loans granted to legal entities	652 274	-	-	-	652 274
4.2	Individual mortgage loans	9	-	-	-	9
4.3	Loans granted to individuals for current needs	2 960	-	-	-	2 960
5	Securities in bank portfolio for sale	-	-	-	-	-
6	Securities in bank portfolio to maturity	-	-	-	440 508	440 508
7	Other financial assets:	11 664	-	-	-	11 664
7.1	Restricted cash	11 420	-	-	-	11 420
7.2	Other financial assets	244				244
8	**Total financial assets**	**830 933**	**-**	**-**	**440 508**	**1 271 441**

32. RELATED PARTY TRANSACTIONS

Table 32.1 Remaining balance for related party transactions at the end of the day December 31, 2018

(th. UAH)

Line	Item name	The largest participants (shareholders) of the bank	Key management staff	Other related parties

1	Customer loans and debt (contract interest rate (1,66-36%)	-	70	395 107
2	Loan debt provisions as of December 31	-	-	(221)
3	Other assets	-	-	164
4	Right-of-use asset	-	-	424
5	Customer accounts (contract interest rate (0-18%)	383 006	4 657	445 596
6	Provisions for liabilities	-	(1)	(37)
7	Other liabilities	-	7	172

Table 32.2. Income and expensess from operations with related parties as of 2018

(th. UAH)

Line	Item name	The largest participants (shareholders) of the bank	Key management staff	Other related parties
1	Interest income	-	32	27 891
2	Interest expenses	(11 336)	(149)	(43 272)
3	Result from operations with foreign currency	177	-	57
4	Fee and commission income	4	25	20 490
5	Fee and commission expenses	-	-	-
6	Profit (loss) appearing from initial recognition of financial assets at interest rate that is higher or lower that the market one	-	-	-
7	Allocation to the provision for impairment of loans and customer debt	-	1	6 480

8	Allocation to the provision for liabilities	-	(1)	(37)
9	Other operating income	-	7	379
10	Administrative and other operating expenses	-	(21 002)	(4 061)

Table 32.3 Other rights and obligations related to transactions with related parties at the end of the day December 30, 2019

(th. UAH)

Line	Item name	The largest participants (shareholders) of the bank	Key management staff	Other related parties
1	Guarantees provided	-	-	-
2	Other liabilities	-	236	189 507
3	Loan liabilities provided	-	236	189 507

Table 32.4. The total amount of loans granted to related parties and repaid by related parties during the 2018

(th. UAH)

Line	Item name	The largest participants (shareholders) of the bank	Key management staff	Other related parties
1	Amount of loans granted to related parties during the	-	57	2 256

	period			
2	Amount of loans repaid by related parties during the period	-	8	50 821

Table 32.5. Remaining balance from operations with related parties at the end of the day December 31, 2017

(th. UAH)

Line	Item name	The largest participants (shareholders) of the bank	Key management staff	Other related parties
1	Customer loans and debt (contract interest rate (0-36%)	-	9	435 615
2	Loan debts provisions as of December 31	-	(1)	(6 701)
3	Other assets	-	-	21
4	Customer accounts (contract interest rate (0-19%)	442 340	2 533	470 884
5	Provisions for liabilities	-	-	-
6	Other liabilities	-	2	55

Table 32.6. Income and expenses from operations with related parties for the 2017

(th. UAH)

Line	Item name	The largest participants (shareholders) of the bank	Key management staff	Other related parties
1	Interest income	-	16	17 024
2	Interest expenses	(7 765)	(32)	(15 020)

3	Result from operations with foreign currency	752	-	2 531
4	Fee and commission income	82	16	17 566
5	Fee and commission expenses	-	-	-
6	Profit (loss) appearing from initial recognition of financial assets at interest rate that is higher or lower that the market one	-	-	(1 906)
7	Allocation to the provision for impairment of loans and customer debt	-	8	(6 697)
8	Allocation to the provision for liabilities	-	-	-
9	Other operating income	-	6	13
10	Administrative and other operating expenses	-	(15 853)	(5 382)

Table 32.7. Other rights and obligations related to transactions with related parties at the end of the day December 31, 2017

(th. UAH)

Line	Item name	The largest participants (shareholders) of the bank	Key management staff	Other related parties
1	Guarantees provided	-	-	-
2	Other liabilities	-	158	84 208
2.1	Loan liabilities provided	-	158	84 208

Table 32.8. The total amount of loans granted to related parties and repaid by related parties during the 2017

(th. UAH)

Line	Item name	The largest participants (shareholders) of the bank	Key management staff	Other related parties

1	Amount of loans granted to related parties during the period	-	3	434 854
2	Amount of loans repaid by related parties during the period	-	80	20 396

Table 32.9. Payments to key management staff

(th. UAH)

Line	Item name	III quarter of 2019		III quarter of 2018	
		expenses	**accrued liability**	**expenses**	**accrued liability**
1	Current employee payments	19 601	1 132	15 057	677

NOTE 22. EVENTS AFTER BALANCE SHEET DATE

After the balance sheet date, no events occurred that should be disclosed in the financial reporting.