



Report on the rating research

Customer:	PUBLIC JOINT STOCK COMPANY BANK UNISON
Incorporation date:	18.12.2012
USREOU code:	38514375
Bank address (city, postal code, street):	30-A, Nauki ave., Kiev, 03028
Top executive, title:	Chairman of Board, Lobanov Alexander
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Rating type:	Bank credit ratings, deposit rating
Rating revision period:	Quarterly
Date of rating:	12.04.2013
Long-term Rating by RA 'Standard Rating' (Ukraine) according to the Ukrainian national scale (outlook):	uaBBB (stable) The bank with the rating uaBBB has credit status as compared with other Ukrainian banks. Credit status level depends on the influence of adverse commercial, financial and economic conditions.
Short-term Rating by RA 'Standard Rating' (Ukraine) according to the Ukrainian national scale:	uaK3 (stable) A bank or its debt instrument is characterized by sufficient credit status in comparison with other Ukrainian Banks. The financial condition of such Bank is satisfactory and enabling to prevent predictable risks in the short-term period.
Deposit rating by RA 'Standard Rating' (Ukraine) according to the Ukrainian national scale:	ua3 The deposit with such rating has an acceptable level of strength
The correlation of Ukrainian scale ratings and the international scale ratings reflecting the rating in the countries of Agency operations is set by GPRC "Standard-Rating" Rating Committee.	
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The report on rating research has no restrictions to distribution. When using materials contained in the report, the reference on RA "Standard Rating" (Ukraine) is mandatory. The Agency considers true all information contained in the report on rating research.	
Ratings use limitations:	
All the ratings by the Agency are not recommendations for purchase of securities, use of services or taking any economic decisions. The ratings irrespectively of the scale have to be perceived solely as opinions of Agency analysts on rating object and subject.	

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1. Market share and business activity

As of 01.04.2013 the assets of PJSC BANK UNISON constituted UAH 141,573 million. Such size of assets allowed the Bank to enter banking group IV in Ukraine according to NBU classification. However one should understand that PJSC BANK UNISON belongs to the category of new financial entities. The bank obtained NBU license just on 8.02.2013. Therefore the data as of the beginning of April, 2013 reflect just a situation, characteristic for the initial stage of financial entity development.

The agency estimates the share of PJSC BANK UNISON in the bank system of Ukraine on the size of assets at the level of 0,0125 %.

2. Capital adequacy and support by shareholders

As of 01.04.2013 the Bank had 2 shareholders, with participation distributed between them as follows:

- MCHL Finance Ltd (Cyprus) - 82,5 %;
- IDP Capital Ltd (Cyprus) - 17,5 %.

The deposit-taking fund All Beteiligungs Stiftung (Liechtenstein) is the shareholder of MCHL Finance Ltd and the deposit-taking fund IDP Foundation (Liechtenstein) acts as shareholder of IDP Capital Ltd.

The agency positively estimates that fact that the Bank discloses the information on the participants of Cyprian companies, as it could not do it, and the presence of European deposit-taking funds in the structure of shareholders proves to the possibility of acceptable level of external support to Bank, if necessary in the future.

As of 01.04.2013 Bank shareholders equity constituted 86,34 % of liabilities (*tab. 1*).

Table 1

Data on shareholders' equity of PJSC UNISON as of 01.04.2013

Indicators	UAH th.	Share of total liabilities
Bank statutory capital	123331,00	87,11%
Revaluation result	-1264,69	-0,89%
Current financial result	163,95	0,12%
Total capital:	122230,26	86,34%
Total liabilities:	141573,74	100,00%

The data on capital normative indicators also prove to considerable capital redundancy. As of 01.04.2013 Bank regulatory capital constituted UAH 128,23 million, that by UAH 8,23 million exceeds the norms established by NBU.

The adequacy of PJSC BANK UNISON regulatory capital was 89,67 %, at the norm of not less than 10 % and mean market value of 18,2 %. Regulatory capital to total assets ratio in PJSC BANK UNISON was 86,15 %, at the normative indicator 9 % and mean market value of 14,11 % (*tab. 2*).

Table 2

Data on PJSC BANK UNISON normative indicators as of 01.04.2013

Indicator	Normative value	System value	Bank vaue
Regulatory capital (N1)	>120 mln	-	128,23
Regulatory capital adequacy normative (N2)	>10%	18,20%	89,67%
Normative ratio regulatory capital/total assets (N3)	>9%	14,11%	86,15%

Capital norms prove to considerable reserve of Bank capital and potential growth of its assets to UAH 1,2-1,3 billion at maintenance of profitability. Considerable excessive level of capital adequacy positively influences bank solvency, however the Agency predicts decrease in the given indicator in the process of Bank business development and growth of its liabilities.

3. Asset quality

As of 01.04.2013 52 % of PJSC BANK UNISON assets have been identified by Agency as liquid. Only 33,79 % of assets have been placed in corporate securities by the Bank.

Table 3

Assets of PJSC BANK UNISON as of 01.04.2013

Indicator	UAH th	Structure in %
Cash in vault	2250,47	1,59%
Cash in NBU	4034,16	2,85%
Treasury bills and securities refinanced by NBU	45953,76	32,46%
Cash in banks	21340,36	15,07%
Clients accounts receivable	1293,01	0,91%
Bank portfolio securities to redeem	47834,59	33,79%
Inventory	76,58	0,05%
Other assets	3610,39	2,55%
Non-tangible assets	142,18	0,10%
Fixed assets	14235,13	10,05%
Other non-current material assets	803,10	0,57%
Total assets	141573,74	100,00%

The portfolio of Bank earning assets at the moment of rating has not yet been formed. According to the Agency, the Bank was preparing for placing liquid moneys. Hence, the basket of risks on PJSC BANK UNISON active operations has not been generated yet, that is one of the key factors constraining Bank credit rating.

4. Liquidity

Same as capital norms, liquidity norms of PJSC BANK UNISON have been adhered to with considerable excess both in regard of standard values established by NBU, and mean system values selected by the Agency as representative indicators (*tab. 4*).

Table 4

Data on liquidity norms of PJSC BANK UNISON as of 01.04.2013

Indicator	Norm	System value	Bank value
Instant liquidity norm (N4)	>20%	56,89%	86,10%
Current liquidity norm (N5)	>40%	91,49%	159,24%
Short term liquidity norm (N6)	>60%	93,07%	209,03%

The level of PJSC BANK UNISON liquidity has been identified by the Agency as very redundant.

5. Managerial potential

Bank shareholders attracted a skilled team of managers to bank management. A part of managers do have essential experience not only in the bank market of Ukraine, but also abroad. The bulk of the administrative team has experience of works in large Ukrainian banks.

LOBANOV Alexander, Chairman of Board of PJSC BANK UNISON. He has higher economic education with the specialty engineer-economist. Graduated from Moscow State Academy of Light Industry.

Was trained on 'Fiscal policy' in the company Barence Group (USA) with subsequent practical study of taxation system, budget control system and interaction with authorities.

Had a course of practical study in US Treasury Department.

- 1998-2001 - worked in the Department for finance and tax policy of Novosibirsk oblast administration, thereafter in the Department of Federal Treasury of the Ministry of Finance of Russian Federation for Novosibirsk oblast on various posts in the services responsible for federal budget control;

- 2001-2008 - occupied various administering posts first in the Department of business accounting and reporting, thereafter in Credit Department of the Siberian bank of Sberbank of Russia;

- 2008-2012 – occupied the post of Head of Corporate Business Department of Sberbank of Russia in Ukraine;

- Since January, 2013 - Chairman of Board, PJSC BANK UNISON.

Professional experience - 15 years, from them in bank business on administering posts - 12 years.

KRAVCHENYA Piotr, Deputy Chairman of Board, member of Board of PJSC BANK UNISON.

- In 1990 graduated with distinction from Kiev higher antiaircraft rocket engineering school named after S.M. Kirov, with the specialty radio engineer. In 1997 graduated from Kiev National Economic University with the specialty Finance and credit, qualification - Economist;
- 1985-1994 - service in the AF of the USSR, Ukraine;
- 1994-2007 - Ukrainian joint stock bank VABank: occupied various administering posts in the divisions of credit and investment directions, later - director of the First Kiev branch;
- 2007-2011 - PJSC Alfa bank: occupied various administering posts;
- Within 2012 - PJSC Ukrainian joint stock bank, PJSC VAB Bank: Director of credit department;
- Since December 2012 - Deputy Chairman of Board, Member of Board of PJSC BANK UNISON. In PJSC BANK UNISON he is in charge of corporate business development. Overall experience of work in bank business - 19 years.

SOLDATENKO Roman, Deputy Chairman of Board, member of Board of PJSC BANK UNISON.

- In 1998 graduated from Donetsk Institute of Business, specialty - Finance and credit with specialization on Banking and financial management, qualification - financial economist;
- 1992-1996 - joint venture Donkavamet (Donetsk): agent on organization of transportations of procurement and sales department;
- 1996-1998 - First Ukrainian International Bank (Donetsk): occupied various posts in operational department, and in the department of individuals' accounts management;
- 1998-2006 - JSCB Raiffeisenbank Ukraine (Kiev): occupied various posts in the management of corporate clients and trading financing, subsequently has been appointed Head of bank branches;
- 2006 - Joint-Stock Company Alfa Bank (Kiev): Head of retail network development department;
- 2006-2007 - JSC Raiffeisenbank Bank Aval (Kiev): project manager;
- 2007-2010 - Eurobank EFG Ukraine Distribution LLC/PJSC Universal Bank (Kiev): administering posts (regional network of branches);
- 2010-2012 - PJSC Energobank (Kiev): head of regional network department;
- Since December, 2012 - Deputy Chairman of Board, member of Board of PJSC BANK UNISON. In PJSC BANK UNISON responsible for development of retail business. Total banking sector experience - 17 years.

6. Relations with authorities

PJSC BANK UNISON has been registered on 18.12.2012 by Goloseevsky District State Administration of Kiev.

On February, 8th, 2013 PJSC BANK UNISON obtained NBU license. On February, 21st, 2013 the Bank has been included in the membership of Deposit Guarantee Fund, Certificate no. 220 of 21.02.2013.

As PJSC BANK UNISON belongs to the category of new banks, it is little subject to the risks connected with audits of financial market by regulators or tax authorities.

7. Summary of rating

Summarizing all components of credit risk estimation featured by PJSC UNISON liabilities, the agency has made the decision on awarding to the Bank the credit rating according to the national scale at the level of **uaBBB**. The bank with the rating uaBBB is characterised by sufficient credit status in comparison with other Ukrainian banks. Credit status level depends on the influence of adverse commercial, financial and economic conditions.

Also RA Standard-Rating awards the deposits of PJSC BANK UNISON the rating at the level **uK3** and short-term credit rating of the level **uaK3**. A bank or a separate debt instrument with the rating uaK3 is characterized by sufficient credit status in comparison with the other Ukrainian Banks. The financial condition of such Bank is satisfactory; it is able to prevent predictable risks in the short-term period.

When deciding on award of credit rating to PJSC BANK UNISON (USREOU code 38514375), the agency was guided by the following conclusions:

1. As of 01.04.2013 PJSC UNISON BANK observed all norms of capital N1-N3 with large redundancy. Bank regulatory capital was fixed at the level UAH 128,23 million UAH, the adequacy of regulatory capital constituted 89,67 %, the norm statutory capital/total assets ratio - 86,15 %. The bank possessed considerable reserve of shareholders' equity.

2. As of the beginning of Q2 2013 the Bank possessed considerable reserve of liquidity. On 01.04.2013 the instant liquidity PJSC BANK UNISON has been fixed at the level of 86,10 %, current liquidity - at 159,24 %, short-term liquidity - at 209,03 %. Considerable reserve of liquidity proved to that recently created Bank still was in the phase of placing moneys.

3. Excessive liquidity reflected in the structure of Bank assets. As of 01.04.2013 52 % of PJSC BANK UNISON assets have been identified by the agency as liquid. The agency considers that as of 01.04.2013 the basket of risks on active operations in PJSC BANK UNISON has not been generated yet, that is one of the key factors constraining the credit rating of the Bank.

4. Bank shareholders attracted a skilled team of managers to bank management. The Chairman of Board of Bank Alexander Lobanov has working experience on administering posts in bank business of Russia and Ukraine of 12 years, his deputies Piotr Kravchenya and Roman Soldatenko - 19 and 17 years accordingly.

5. PJSC BANK UNISON belongs to the category of new banks. PJSC BANK UNISON has been registered on the 18.12.2012 by Goloseevsky District State Administration of Kiev. On February, 8th, 2013, PJSC BANK UNISON obtained NBU license. Against a considerable reserve of capital and excess liquidity the Bank continues to form the structure of assets and to build up the liabilities, that makes a key factor limiting the credit rating of bank to starting value of investment grade **uaBBB**.

The agency will continue quarterly monitoring of PJSC BANK UNISON and is ready to change its rating in the process of Bank development.

*Director of Rating agency
'Standard-Rating' (Ukraine)*

NIKITIN A.V.

Rating scale for estimation of banks credit rating

National rating scale adapted by RA 'Standard Rating' (Ukraine) for the assessment of credit risks of Ukrainian banks

Rating	Contents of banks credit rating according to the national scale
Investment grade levels of rating	
uaAAA	The bank or the debt instrument with the rating uaAAA is characterized by high credit status in comparison with other Ukrainian banks or debt instruments
uaAA	The bank or the debt instrument with the rating uaAA is characterized by very high credit status in comparison with other Ukrainian banks or debt instruments
uaA	The bank or the debt instrument with the rating uaA is characterized by high credit status in comparison with other Ukrainian banks or debt instruments Credit status level is sensitive to the influence of adverse commercial, financial and economic conditions.
uaBBB	The bank or the debt instrument with the rating uaBBB is characterized by sufficient credit status in comparison with other Ukrainian banks or debt instruments Credit status level depends upon the influence of adverse commercial, financial and economic conditions.
Speculative grade levels of rating	
uaBB	The bank or the debt instrument with the rating uaBB is characterized by lower than sufficient credit status in comparison with other Ukrainian banks or debt instruments. Credit status level is strongly dependent upon the influence of adverse commercial, financial and economic conditions.
uaB	The bank or the debt instrument with the rating uaB is characterized by low credit status in comparison with other Ukrainian banks or debt instruments. Credit status level is very strongly dependent upon the influence of adverse commercial, financial and economic conditions.
uaCCC	The bank or the debt instrument with the rating uaCCC is characterized by very low credit status in comparison with other Ukrainian banks or debt instruments. There is potential probability of default
uaCC	The bank or the debt instrument with the rating uaCC is characterized by high probability of default
uaC	The Bank is expecting default of liabilities.
uaD	The Bank defaulted. The payout of principal amount and interests on debt obligations has been suspended without reaching an agreement with creditors on restructuring the debt upon maturity.

– or + are intermediate rating categories within the major categories.

The scale of credit rating for Ukrainian banks has been approved by the resolution of the Cabinet of Ukraine no. 665 of April, 26th, 2007 'On approval of national rating scale'.