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THE RATING REPORT

PJSC BANK UNISON (USREOU code 38514375)

On April, 12th, 2013 RA Expert-Rating Rating Committee decided on awarding the credit rating to PJSC BANK UNISON (USREOU code 38514375) at the level **uaBBB** according to the national scale. A borrower or a separate debt instrument with the rating uaBBB is characterized by sufficient credit status in comparison with other Ukrainian borrowers or debt instruments. Credit status level depends on the influence of adverse commercial, financial and economic conditions.

Also RA Expert Rating awards to the deposits of PJSC BANK UNISON the rating **ua3** and a short-term credit rating **uaK3**. A bank or a debt instrument with a rating uaK3 is characterized by sufficient credit status in comparison with other Ukrainian Banks. The financial condition of such Bank is satisfactory, it is able to prevent predictable risks in the short-term period.

PJSC BANK UNISON belongs to the category of new banks. The bank has been incorporated in December, 2012; in February, 2013 it obtained NBU license and became a member of Deposit Guarantee Fund. According to Agency observations, all new banks possess similar characteristics:

- On one hand, the Bank is in process of forming own credit risks which may be dynamical and which negative influence will be spread in time;
- On other hand, recent start of operations is a consequence of excess of liquidity and of considerable reserve of shareholders' equity.

Considering that the resource base is already created, but risks on active operations are still not generated, the credit risk of such financial entity cannot be determined as speculative. The agency reminds that the parameters which split the national rating scale on speculative and investment grade, have been established by the Resolution of the Cabinet of Ukraine no. 665 of 26.04.2007 and provide for uaBBB rating to be the minimum value of investment grade rating according to the national rating scale. The given level of ratings for new banks was established by RA Expert Rating as starting one. Nevertheless, key performance indicators of the Bank with which it enters the market, are important for consumers to understand the scale of work, asset quality, excess liquidity and capital adequacy degree. Therefore when awarding the credit rating to PJSC BANK UNISON at the level uaBBB, the Agency also draws attention of Bank creditors to the following information:

1. Strong team of top managers has been created in the Bank, with extensive managerial experience in major banks, both in Ukraine and abroad. For example, Chairman of Board of PJSC BANK UNISON **Alexander Lobanov** has twelve years' experience on managing posts in bank business of Russia and Ukraine.

2. As of 01.04.2013, PJSC BANK UNISON had normative of instant liquidity at the level of 86,1 %, of current liquidity - 159,24 %, of short-term liquidity - 209,03 %. All the three norms did not only exceeded NBU established limits, but also essentially exceeded average values of corresponding norms in the system.

3. As of 01.04.2013, approximately 52 % of balance sheet assets of PJSC BANK UNISON have been classified by the Agency as quick assets, from them 32,46% corresponded to treasury bills and other securities, refinanced by NBU and 15,07 % to cash in banks. As of the beginning of Q2 2013, the Bank fully adhered to the normative values of credit risks established by NBU. So, the normative maximum credit risk per counteragent (N7) constituted 21,84 % at limit value of less than 25 %, the norm of large credit risks (N8) was 53,03 %, at limit value of 800 %. The normative indicators N9-N12 of the Bank as of 01.04.2013 were equal to zero.

In the next 3-6 months the Agency expects growth of Bank credit portfolio at the expense of liquid assets reduction and inflow of liabilities.

Table 1

Key balance sheet indicators of PJSC BANK UNISON

Indicators	UAH th.	Structure in %
Cash	2250,47	1,59%
Funds in NBU	4034,16	2,85%
Treasury bills and other securities refinanced by NBU	45953,76	32,46%
Cash in banks	21340,36	15,07%
Clients account 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 tangible assets	803,10	0,57%
Total assets:	141573,74	100,00%
Funds of banks	9798,03	6,92%
Funds of banks clients	7308,47	5,16%
Other liabilities of the bank	2236,98	1,58%
Total liabilities:	19343,48	13,66%
Bank statutory capital	123331,00	87,11%
Revaluation results	-1264,69	-0,89%
Current financial result	163,95	0,12%
Total capital:	122230,26	86,34%
Total liabilities:	141573,74	100,00%

4. As of the beginning of Q2 2013 the regulatory capital of PJSC BANK UNISON constituted UAH 128,3 million, the normative of regulatory capital adequacy (N2) - 89,67 %, the normative of regulatory capital/ total assets ratio (N3) - 86,15 %. The mentioned data of the normative indicators prove to that the Bank had significant excessive capital. The Agency expects that the Bank will start to actively increase liabilities in the next 3-6 months.

Table 2

The normative indicators of PJSC BANK UNISON as of 01.04.2013

Indicator	Normative value	Average system value	Bank value
Authorized capital (N1)	>120 mln.	-	128,23
Regulatory capital adequacy ratio (N2)	>10%	18,20%	89,67%
Regulatory capital/ total assets ratio (N3)	>9%	14,11%	86,15%
Norm of instantaneous liquidity (N4)	>20%	56,89%	86,10%
Norm of current liquidity (N5)	>40%	91,49%	159,24%
Norm of short term liquidity (N6)	>60%	93,07%	209,03%
Maximum credit risk per counteragent (N7)	<25%	22,29%	21,84%
Norm for large credit risks (N8)	<800%	176,15%	53,03%
Norm of maximal amount of loans, warranties and sureties issued to one insider (N9)	<5%	0,40%	0
Norm of maximal amount of loans, warranties and sureties issued to insiders (N10)	<30%	2,09%	0
Norm of investment in securities per each separate entity (N11)	<15%	0,08%	0
Norm of total amount of investment (N12)	<15%	3,53%	0

5. Following Q1 2013 the financial result of PJSC BANK UNISON constituted 163,950 UAH thousand, Bank's net interest income was equal to UAH 599,5 thousand, net commission income was UAH 304,1. The Agency does positively estimate the fact of Bank profitable work in the first months of activity.

Table 3

Data on PJSC BANK UNISON incomes and expenses

Indicator (incomes/ expenses / result)	UAH thousand	Structure, in %
Interest incomes	611	3,98%
Commission incomes	327	2,13%
Results from foreign currency operations	2 482	16,15%
Other operational incomes	11990	78,01%
Other incomes	-41	-0,27%
Total incomes:	15369	100,00%
Interest incomes	11	0,07%
Commission incomes	22	0,14%
Total administrative and other operational expenses	7642	50,26%
Provisioning under depreciation of loans and cash in banks	4818	31,69%
Provisioning under depreciation of accounts receivable and other financial assets	1	0,01%
Depreciation of portfolio securities to redeem	2667	17,54%
Income tax	44	0,29%
Total expenditures	15 205	100,00%
Net interest income	600	-
Net commission income	316	-
Current year result	164	-

Thus, as of the beginning of Q2 PJSC BANK UNISON maintained excessive level of capital and liquidity adequacy; over 50% of bank assets belonged to the category of quick assets. Bank management has considerable experience in bank sector; PJSC BANK UNISON since the first months of work showed profitable activity. The unique factor constraining short-term and long-term credit rating of PJSC BANK UNISON was the insignificant experience of bank work. Considering extensive managerial experience and sufficient volume of resources at the disposal of PJSC BANK UNISON, the agency positively estimates prospects of Bank development in the next 6-12 months.