

The Rating Report

(Version for publication)
(On basis of the Agreement No. 50/PA of 16.02.2011)



Credit rating of the Bank according to Ukrainian national scale	uaBBB-
Interpretation of rating according to the national scale:	The Bank is characterized by sufficient credit capacity in comparison with other Ukrainian banks. Level of credit capacity depends on the influence of adverse commercial, financial and economic conditions (The Rating is defined according to the rating scale approved by the Resolution of the Cabinet of Ministers of Ukraine No. 665 of April, 26th, 2007)
Credit rating of the Bank according to international scale of RA Expert Rating	B- (Adequate level of stability)
Rating date:	February, 21, 2011



PUBLIC JOINT STOCK COMPANY 'JOINT STOCK BANK 'UKOOPSPILSKA''

(Full name of the Bank)

7/11, Khreschatik str., 01001, Kiev, Ukraine
(legal address of the Bank)

7/11, Khreschatik str., 01001, Kiev, Ukraine
(de facto address of the Bank)

Incorporation date	October 25, 1993
National enterprises register code	21536532
Auditors	JSC 'Kiev audit'
Phone	+38 (044) 279-43-32
Fax	+38 (044) 279-75-03
Chairman of Board	Liliya Kondratenko
Contact persons	Deputy Chairman of Board – head of the department for loans to legal and natural persons, Alexander Koval phone: (044) 279-75-03
E-mail	ukoop@i.kiev.ua
Web address	www.bankukoopspilka.kiev.ua

List of licenses issued to the Bank: Banking License no. 17 of 20.11.2009, Permit no. 17-3 of 20.11.2009, Appendix to the Permit no. 17-3 of 20.11.2009.

*The present report is the rating research expressing opinion of Expert Rating RA analysts.
The report is a substantiation of the rating awarded, being also an opinion of Expert Rating RA analysts.
See the last page of the report for use limitations*

1. General overview of the bank

JSB 'UKOOSPILKA' started operations on October, 25th, 1993 in the city of Kiev as Open Joint-Stock Company Commercial Bank 'Ukoopspilka'. Further on the bank has been reorganized into Open Joint-Stock Company Joint Stock Bank 'Ukoopspilka'. Due to passing by the Supreme Council of Ukraine of the Law of Ukraine "On joint-stock companies" the bank changed the type of business entity and since 11.12.2009 became a PUBLIC JOINT-STOCK COMPANY 'JOINT STOCK BANK 'UKOOSPILKA'.

The previous years of activity became a strong base to today's achievements and creation of the reputation of stable bank which have been reached by using up to date principles of capital and assets management and balanced depositary and credit policy.

The network of Bank branches and sales points extends systematically. By today a full range of banking services is provided by 9 branches and 3 sales points. The inhabitants of Dnepropetrovsk, Nikolayev, Rovno, Zhitomir, Kherson, Lvov, Chernovtsy and Khmelnytsky regions have been already able to value the advantages of the Bank. Regional network development is carried out taking into account the interests of concrete regions, their specificity and the needs of their inhabitants (*see table 1*).

Table 1

Key Performance Indicators of PJSC 'JSB "Ukoopspilka" (th. UAH., %, percentage points)

Indicators	2010 (01.01.2011)	2009 (01.01.2010)	Change	Growth rate
Total assets	260481	216795	43686	20,15%
Net assets (assets – reserve under active transactions)	256567	211025	45542	21,58%
Loans to clients (excl. Interbank)	172824	128590	44234	34,40%
Shareholders equity	94041	86564	7477	8,64%
Authorized capital (paid)	42626	37050	5576	15,05%
Deposits of physical persons	33182	33650	-468	-1,39%
Interbank loans received	3982	-	-	-
Deposits of legal persons	51575	20454	31121	152,15%
Net profit	20	620	-600	-96,77%
Capital adequacy ratio (H2)	39,25%	47,14%	-7,89 p.p.	-

Source: JSB 'UKOOSPILKA' data, NBU data, calculations by RA Expert Rating

According to RA 'Expert-rating' analytical service, the year 2010 was a year of growth for the Bank. The Bank was not practically affected by those negative tendencies which influenced major banks. In 2010 JSB 'Ukoopspilka' did recover quickly. So, for 1 year the assets have grown by 20,15 %, loans to clients - by 34,4 %, equity - by 8,64 %, deposits of legal entities - by 152,15 %.

There are some so called negative tendencies that could be listed. First, that is 600 th. UAH of net profit reduction in 2010, with the amount of 2009 making 620 000 UAH. Secondly, decrease in deposits of physical persons by 1,4 %. Both tendencies are not critical. Following the results of 2010 the Bank remained profitable in operations. Rates of population deposits decrease in 2010 remained insignificant.

As a whole the Agency positively estimates the prospects of Bank development for 2011-2012. In the year 2010 the Bank succeeded in avoiding negative influence of overall market tendencies and in showing fast rates of recovery. The JSB 'Ukoopspilka' entered the year 2011 with redundant capital sufficiency at the rate of 40 % at the threshold norm value above 10 % and with an average systemic value of 20,83 %. As more detailed analysis showed, the Bank maintained high quality of assets and obviously redundant liquidity level during the crisis.

2. Market share and business activity

Scale of operations remains weakest point for PJSC 'Ukoopspilka'. The Agency has to take into account the given factor in light of the international standards of credit risks estimation. Although it is not a main criterion of credit risk in banking sector, it essentially affects the level of bank risk. According to NBU as of 01.01.2011, JSB 'Ukoopspilka' occupied 149th position in official ranking of assets amount among the 175 banks operating in Ukraine. The Agency estimated the share of Bank assets in the system at the amount of less than 0,03 %, and the share in the resource base of the system at the amount of 0,033 %.

Despite little market share, the Bank showed good growth indicators in 2010. The assets of JSB 'Ukoopspilka' have grown by 20,15 % while on the average in the system assets growth rate has made only 7,86 %. The loans to natural and legal persons have grown on 34,4 % while the average systemic growth rate has made 3,34 %. The funds of natural and legal persons attracted as deposits by JSB 'Ukoopspilka' also grew faster than averagely in the system in the year 2010. Excess of Bank key performance indicators growth rate over the growth rates of same indicators in the system proves to the growth of Bank share in the system as a whole in the year 2010. Although the share of JSB 'Ukoopspilka' remains insignificant, the Bank has a considerable reserve for the growth of the attracted funds and accordingly - of the loan portfolio. The Agency forecasts that in the process of JSB 'Ukoopspilka' business activity growth in the market the Bank will be able to unfold its growth potential (*see table 2*).

The analysis of JSB 'Ukoopspilka' share in the Ukrainian market (UAH thousand, %)

Indicators	01.01.2011	01.01.2010	Change	Growth rate, %
Assets	260481	216795	43686	20,15%
Loans to natural and legal persons (excl. interbank)	172824	128590	44234	34,40%
Funds of natural and legal persons (excl. interbank)	143432	103206	40226	38,98%
Bank share in the assets of the system	0,0276%	0,0248%	0,0028 p.p.	7,86%*
Bank share in the loan portfolio of the system	0,0230%	0,0177%	0,0053 p.p.	3,34%*
Bank share in the funds of natural and legal persons	0,0326%	0,0295%	0,0031 p.p.	25,69%*

Source: JSB 'UKOOSPILKA' data, NBU data, calculations by RA Expert Rating

* — systemic indicators growth rate has been calculated

3. Capital adequacy and external support

During the last year JSB 'Ukoopspilka' maintained redundant capital adequacy. Although in the beginning of 2011 insignificant decrease in ratios as per main redundancy norms, established by NBU has been observed in the Bank, capital adequacy still could be assessed as 'super-redundant'. For example, regulatory capital adequacy ratio (H2) made 39,25% at average systemic value 20,83% and threshold value established by NBU - 10 %. Similar situation was presenting with H3. At equity/assets ratio of the Bank of 35,04 %, average value of this indicator in the system made only 14,57 %, and the norm – over 9 % (see table 3).

Table 3

Analysis of PJSC JSB 'Ukoopspilka' shareholders equity adequacy (UAH th, %)

Indicators	01.01.2011	01.01.2010	Change	Growth rate, %
Assets	260481	216795	43686	20,15%
Shareholders equity	94041	86564	7477	8,64%
Authorized capital	42626	37050	5576	15,05%
Authorized capital/Shareholders equity ratio	45,33%	42,80%	2,53 p.p.	-
Shareholders equity/assets ratio	36,10%	39,93%	-3,83 p.p.	-
Regulatory capital adequacy ratio (H2)	39,25%	47,14%	-7,89 p.p.	-
System average value H2	20,83%	18,08%	2,75 p.p.	-
Normative value H2	>10%	>10%	-	-
Regulatory capital/ total assets ratio (H3)	35,04%	39,12%	-4,08 p.p.	-
System average value H3	14,57%	13,91%	0,66 p.p.	-
Normative value H3	>9%	>9%	-	-

Source: JSB 'UKOOSPILKA' data, NBU data, calculations by RA Expert Rating

Due to 'super-redundant' capital adequacy in 2010, by estimations of RA 'Expert-rating', the Bank could as minimum double its liabilities. Meanwhile, as analysis of JSB 'Ukoopspilka' equity structure revealed, the Bank did not entirely relied on the liquid sources of equity. So, as of 01.01.2011, 46,07 % of Bank equity corresponded to the item 'fixed assets revaluation reserve' (see table 4). Considering that the Bank works since 1993 and owns a number of liquid objects, such evaluations are quite adequate, according to the Agency; but the evaluation nature of this item remains invariable.

Table 4

PJSC JSB 'Ukoopspilka' shareholders equity structure in 2009–2010 (UAH thousand, %)

Indicator	01.01.2011		01.01.2010		Change of structure in 2009–2010	Growth rate 2009–2010
	UAH th.	%	UAH th.	%		
Authorized capital	42626	45,33%	37050	42,80%	2,53%	15,05%
Issue profit/loss	-	-	-	-	-	-
Fixed assets revaluation reserve	43325	46,07%	41444	47,88%	-1,81%	4,54%
Profit of previous years	-	-	-	-	-	-
Other	8090	8,60%	8070	9,32%	-0,72%	0,25%
Shareholder equity	94041	100,00%	86564	100,00%	-	8,64%

Source: JSB 'UKOOSPILKA' data, NBU data, calculations by RA Expert Rating

The Agency considers negative that the Bank does not use for formation of own capital such item, as 'undistributed profit'. Bank's activity was profitable in the past; nevertheless the financial entity did not practiced recapitalization of the profit. Also the Agency draws attention to that as of 01.01.2011, the equity of the Bank made only 94 m. UAH, that is below threshold value expected to be established at 120 m UAH for the year 2011. According to Agency, JSB 'Ukoopspilka' has insufficient ROE level to assure such level of additional capitalization. Besides, in 2010 we observed a significant decrease in profitability of Bank transactions. So, net interest spread decreased on 1,2 percentage points, net interest income - on 1,1 m. UAH., return on assets dropped by 0,3 percentage points, and ROE - on 0,7 percentage points (see table 5).

Table 5

Data on profitability of PJSC JSB 'Ukoopspilka' in 2009–2010 (th. UAH, %)

Indicator	2010	2009	Change
Net interest spread	6,03%	7,23%	-1,20 p.p.
Net interest income	11613	12754	-1141,0
ROS	0,12%	3,43%	-3,31 p.p.
ROA	0,01%	0,30%	-0,29 p.p.
ROE	0,02%	0,72%	-0,70 p.p.

Source: JSB 'UKOOSPILKA' data, NBU data, calculations by RA Expert Rating

The trend revealed by the Agency of decrease in profitableness of Bank operations does quite match market tendencies. Fall of transactions profitableness in banking sector in 2010 occurred because of strongly marked trend of interest rates decrease and refusal of some banks from refinancing and redundant liquidity.

Estimating the level of JSB 'Ukoopspilka' external support, the Agency considered that Central Union of Consumer Societies of Ukraine 'Ukoopspilka' has been the majority shareholder of the Bank as of 01.01.2011 (see fig. 1).

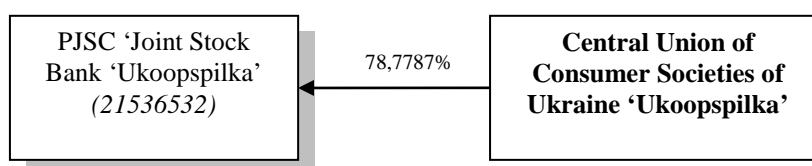


Fig 1. Structure of shareholders of PJSC 'JSB Ukoopspilka' as of 01.01.2011, according to NBU data

The consumers' co-operation in Ukraine unites 579924 shareholders. By today the structure of Ukoopspilka is made by Crimean republican union of consumer societies, 21 regional unions of consumer societies, 219 district consumer unions of societies, 198 district consumer societies, 1721 agricultural consumer society, and also 192 city consumer societies and 2928 other economic entities. Such significant national scale association is able not only to provide financial support for the Bank, but also some prospects for Bank presence development in the regions and for expansion of its customer base. RA 'Expert-rating' estimates the external support of JSB 'Ukoopspilka' as satisfactory.

4. Assets quality

The Agency assesses the quality of JSB 'Ukoopspilka' assets as very high. The crisis phenomena have poorly affected Bank loan portfolio. So, on the beginning of 2011 the share of nonprime loans in Bank portfolio made, by Agency estimations, only 1,75 %, whereas one year ago it was 3,18 %. Also in 2010 the Bank reduced the amount of loan transactions provisioning almost by one third (tab. 6).

Table 6

Loans and debt of clients in PJSC 'JSB Ukoopspilka' in the year 2010 (th. UAH, %)

Показатели	01.01.2011		01.01.2010		Change	Growth rate, %
	UAH th.	%	UAH th.	%		
Interbank credits	3981	2,25%	5000	3,74%	-1019	-20,38%
Loans to legal persons (exl. interbank)	152823	86,44%	103106	77,18%	49717	48,22%
Consumer loans to natural persons	8445	4,78%	10492	7,85%	-2047	-19,51%
Total provisions against loan impairment	3910	2,21%	5713	4,28%	-1803	-31,56%
Share of trouble (nonprime) loans in the portfolio, %	3086	1,75%	4249	3,18%	-1163	-27,37%
Warranties issued by the bank (totally)	565	0,32%	167	0,13%	398	238,32%
Total loans:	176805	100,00%	133590	100,00%	43215	32,35%

Source: JSB 'UKOOSPILKA' data, NBU data, calculations by RA Expert Rating

The Agency believes that the Bank has achieved so good results because in the recent years it focused on crediting legal entities, and also carried out well balanced credit policy in the corporate segment.

Bank loan portfolio wasn't substantially depending on a separate industry. Albeit nearly a half of loan portfolio of legal entities consisted in loans to trade enterprises. Such dependence on trade is quite understandable, due to that the majority shareholder of the Bank is closely linked with this industry. However this industry is the most liquid one in the national economy and consequently, according to Agency, does not bear any dangerous dependence for the Bank, on the contrary it positively influences its loan portfolio quality (*see table 7*).

Table 7

PJSC 'JSB Ukoopspilka' loan portfolio structure per kinds of economic activities in the year 2010 (th. UAH, %)

Indicators	01.01.2011		01.01.2010		Change of branch structure	Growth rate, %
	UAH th.	%	UAH th.	%		
<i>Loans to legal entities</i>	152823	100,00%	103106	100,00%	-	48,22%
Trade	75352	49,31%	54985	53,33%	-4,02 p.p.	37,04%
Production	18154	11,88%	18398	17,84%	-5,96 p.p.	-1,33%
Real estate	12700	8,31%	9385	9,10%	-0,79 p.p.	35,32%
Agriculture	19086	12,49%	6008	5,83%	6,66 p.p.	217,68%
Other	29531	19,32%	14330	13,90%	5,43 p.p.	106,08%
<i>Loans to natural persons</i>	20001	100,00%	25484	100,00%	-	-21,52%
- mortgage loans	1522	7,61%	3855	15,13%	-7,52 p.p.	-60,52%
- consumer loans	8445	42,22%	10492	41,17%	1,05 p.p.	-19,51%
- other kinds of loans to natural persons	10034	50,17%	11137	43,70%	6,47 p.p.	-9,90%

Source: JSB 'UKOOSPILKA' data, NBU data, calculations by RA Expert Rating

The analysis of main norms of risk established by NBU and obligatory for observance by the banks in Ukraine, also has shown that JSB 'Ukoopspilka' complies with the established norms with large redundancy, at that compared both with the threshold value established by NBU and with mean value in the system (*see table 8*).

Table 8

Main normative values of risk characterizing PJSC 'JSB Ukoopspilka' loan portfolio in the year 2010

Norm	Norm value	01.01.2011	01.01.2010	Change
H7 An average of the system	< 25%	21,04%	21,56%	-0,52 p.p.
H7 (Maximum credit risk per counteragent)		18,19%	12,43%	5,76 p.p.
H8 An average of the system	< 800%	161,20%	169,21%	-8,01 p.p.
H8 (Norm for large credit risks)		56,66%	12,43%	44,17 p.p.
H9 An average of the system	< 5%	0,81%	0,93%	-0,12 p.p.
H9 (Norm of maximal amount of loans, warranties and sureties issued to one insider)		0,10%	0,11%	-0,01 p.p.
H10 An average of the system	< 30%	2,25%	2,66%	-0,41 p.p.
H10 (Norm of maximal amount of loans, warranties and sureties issued to insiders)		0,12%	0,12%	-

Source: JSB 'UKOOSPILKA' data, NBU data, calculations by RA Expert Rating

5. Liquidity

The analysis of observance of main liquidity norms in JSB 'Ukoopspilka' has shown that the Bank as of the beginning of 2011 maintained redundant liquidity. Thus indicators of bank liquidity were much better than threshold values, established by NBU, however below those fixed by NBU averagely in the system. That is the bank performed the norms with a surplus, but this surplus was lower than on the average in bank system (*see table 9*).

Table 9

Main liquidity norms characterizing PJSC 'JSB Ukoopspilka' loan portfolio in the year 2010

Norm	Norm restriction	01.01.2011	01.01.2010	Change
H4 An average of the system	> 20%	58,80%	64,45%	-5,65 p.p.
H4 (Norm of instantaneous liquidity)		40,01%	52,33%	-12,32 p.p.
H5 An average of the system	> 40%	77,33%	72,90%	4,43 p.p.
H5 (Norm of current liquidity)		63,60%	68,65%	-5,05 p.p.
H6 An average of the system*	> 60%	91,19%	35,88%	55,31 p.p.
H6 (Norm of short term liquidity)		106,21%	38,61%	67,60 p.p.

Source: JSB 'UKOOSPILKA' data, NBU data, calculations by RA Expert Rating

The Agency estimates the revealed tendency as positive, due to that an excessively redundant liquidity leads to significant fall of profitability in the future. Therefore the Bank should gradually move away from maintenance of redundant liquidity. Thus that fact that its indicators are lower than average on the system, is a good sign allowing predicting that in the year 2011 the Bank will return to work with high level of profitability.

6. Other factors considered at rating estimation

Interaction with state authorities.

Throughout the year 2010 the Bank carried out interaction with the Ukrainian authorities within the limits of the current legislation. In its rating questionnaire the Bank did not inform on any facts of penalties nor adjudications which could essentially damage the Bank or reduce its profit in the year 2011.

An up to date AML system is in place in JSB 'Ukoopspilka' which takes into account the requirements of Ukrainian and international legislation.

The system of counteraction to legalization (laundering) of illegal incomes, and to terrorism financing has been build up in the Bank in compliance with the Law of Ukraine 'About the Prevention and Counteraction of Legalization (Laundering) of the Incomes Received in the Criminal Way, or to Financing of Terrorism', the Law of Ukraine 'On banks and banking activity', FATF Forty recommendations, approved by the joint resolution no. 1124 of the Cabinet of Ukraine and the National Bank of Ukraine of 28.08.2001 Regulation on Implementing the Financial Monitoring by Banks approved by the Resolution no. 189 of the Board of National Bank of Ukraine of 14.05.2003 and other legal acts regulating relations in the given area.

Besides that, there are continuously enforced internal documents of the Bank, developed with the purpose of prevention and counteraction to illegal incomes legalization (laundering), namely:

- Program of identification and examination of Bank customers.
- Rules of internal financial monitoring.
- Program of financial monitoring realization and program of financial monitoring on Bank directions of activity on servicing the clients.

The said documents are being continuously updated based on facts and experience received in the course of carrying out financial monitoring. The internal bank system of prevention and counteraction to legalization (laundering) of illegal incomes, or terrorism financing is headed by Bank officer in charge of financial monitoring who is independent in his activity and accountable to the Head of Bank only.

The Bank does not maintain business relations with the banks who are not physically present at incorporation address, does not manage nor opens anonymous accounts.

The Bank identifies the clients at the stage of business relations establishment, and also in other cases stipulated by the legislation. Besides, the Bank for the purpose of better knowing the clients performs regular updating of identification information. In the cases stipulated by the legislation, the Bank submits information on clients' financial operations to the authorized body. The Bank carries out annual training of workers on the issues of financial monitoring.

The Management.

RA 'Expert Rating positively assesses the team of Bank managers of and underlines the low personnel turnover. However the Agency believes that the change of Bank top manager in 2010 was a positive event.

On November, 10th, 2010 the Supervisory Board of JSB 'Ukoopspilka' appointed **Liliya Kondratenko** the Chairman of Board. Before being appointed Chairman of Board of JSB 'Ukoopspilka' Liliya Kondratenko held the following positions: Senior Expert on Leasing and Engineering, Senior Expert on Leasing of the credit department, Head of the department for credit and depositary operations in Donetsk Commercial Bank of Economic and Social Development of Enterprises JSB 'Donuglecombank'; Deputy Head of Branch in the Donetsk branch of JSB 'Donuglecombank'; Deputy Chairman of Board in the Joint-Stock Commercial bank 'Capital'; Head of the department for banking services and correspondent business, director of finances and credit department, First Deputy Chairman of Board in the Universal and Commercial Bank 'Cambio'.

7. Summary of estimation results and rating visualization

In the period from February, 14th till February, 21st, 2011 the RA 'Expert-rating' performed estimation of PJSB 'JSB Ukoopsilka' (USREO code 21536532) credit rating. Having in details studied the activity of Bank 'Ukoopsilka', the Rating Committee of RA 'Expert Rating' on February, 21st, 2010 took decision on awarding the Bank the credit rating at the level **uaBBB-** according to the national scale (The Bank is characterized by sufficient credit capacity in comparison with other Ukrainian banks. Level of credit capacity depends on the influence of adverse commercial, financial and economic conditions. The rating is defined according to the rating scale approved by the Resolution of the Cabinet of Ministers of Ukraine No. 665 of April, 26th, 2007).

See in the rating report the detailed substantiation of rating estimation by Expert Rating RA. When awarding investment level rating, the Rating Committee was guided by the following:

1. The Agency has highly estimated assets quality, liquidity and capital redundancy of JSB 'Ukoopsilka'. The Bank obtained highest possible estimate on these parameters. Nevertheless, on the beginning of 2011 the equity of the Bank has been by 46 % generated at the expense of fixed assets revaluation, and the Bank loan portfolio on legal entities approximately on 50 % depends on trade companies.

2. JSB 'Ukoopsilka' maintained redundant capital adequacy. Although capital adequacy was gradually decreasing in time, its current level has been very far from normative threshold values. Redundant adequacy of authorized capital (H2) at the level of 40 % at the norm of 10 % provided an essential safety margin for the Bank which looked even more impressively against high assets quality and redundant liquidity.

3. We recognize as satisfactory the diversification of JSB 'Ukoopsilka' activity. The amount of clients' deposits in excess of 5 % of the portfolio of deposits was over 25 % at the beginning of 2011 that proves to the low level of client base diversification. The Agency expects that in process of Bank activity expansion, also at the expense of branch network growth, the level of concentration of big clients in depositary portfolio of the Bank will drop to an optimum value.

4. JSB 'Ukoopsilka' does not possess a sufficient market share and does not conduct large scale operation. Its share in bank system of Ukraine was estimated as of 01.01.2011 at less than 0,03 %, thus according to NBU ranking the bank 'Ukoopsilka' occupied 149th position per size of assets. According to the Agency, small size of the Bank and its belonging to the fourth group according to NBU classification limited Bank access to some segments of money market and banking services market, and also did negatively affected the competitive ability of its products.

5. The agency draws attention to high level of JSB 'Ukoopsilka' transparency, its readiness to disclose information on the beneficiaries, availability of significant amounts of publicly free information on Bank activity, including its financial reporting aggregates. Also the Agency indicates on availability of certain level of eventual external support of the Bank by the majority shareholder.

As reasons for raising credit rating of JSB 'Ukoopsilka' can be: preservation of high quality of assets, increase of equity to the level of more than 120 m UAH., further maintenance of the reasonable level of redundant liquidity and equity adequacy.

Fig.2 Graphic visualization of PJSC 'JSB Ukoopsilka' rating

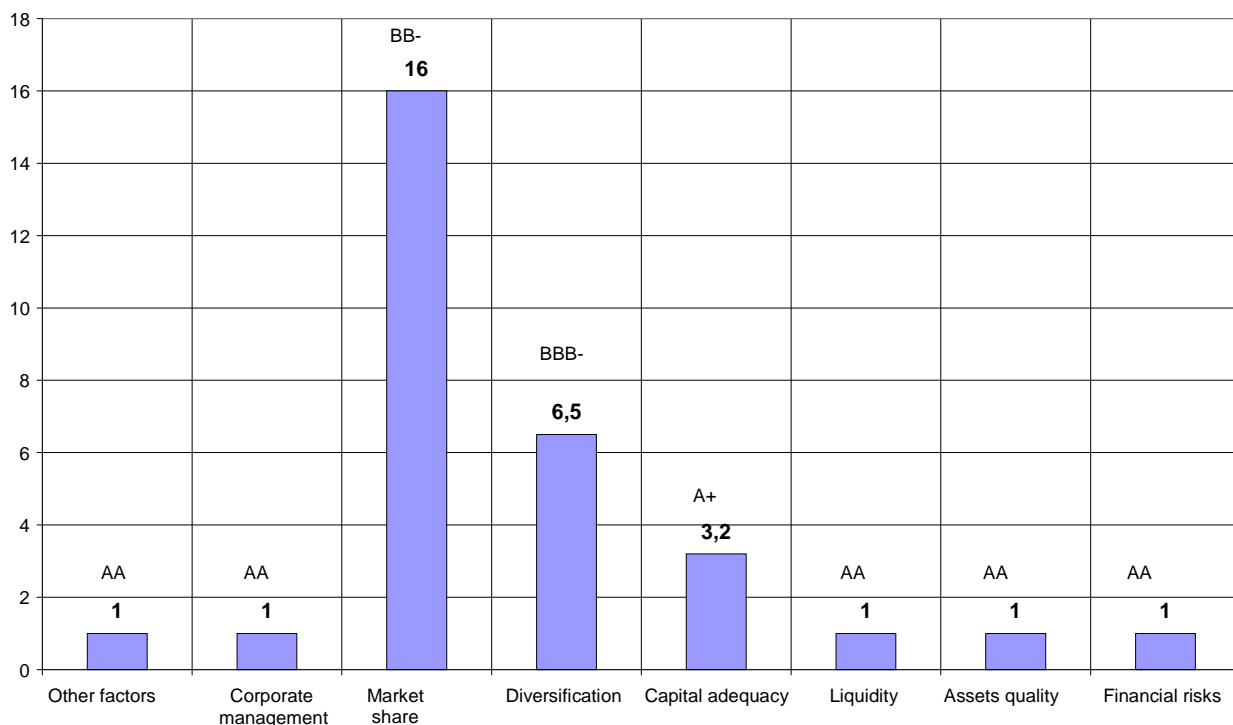


Table 10

Summary of rating assessment indicators

Name of indicator	aa	a	bbb	bb	b
	1	3	6	9	12
Period of bank actual operation	Over 60 m.	Over 36 m.	Over 24 m.	Over 12 m.	Up to 12 m.
Settled and non-settled claims of bank clients and regulators/ authorized capital ration	0%	10%	15%	20%	25%
Personnel turnover rate (employees dismissed / annual average number of employees)	Up to 5%	Up to 10%	Up to 20%	Up to 30%	Over 30%
Set of factors (1 K)	No conflicts with minority shareholders, the complete set of reporting in the system of information disclosure	No conflicts with minority shareholders, partial availability of set of reporting in the system of information disclosure	No conflicts with minority shareholders, no reporting, no exact information on shareholders, available in the system of information disclosure	Conflicts with minority shareholders in the past, no reporting in the system of information disclosure	Conflicts between the shareholders, no clear information on shareholders structure, no regular information in SMIDA for the previous years
Norm of maximal amount of loans, warranties and sureties issued to one insider (H9)	Not higher than 1%	Not higher than 2%	Not higher than 3%	Not higher than 4%	Not higher than 5%
Norm of maximal overall amount of loans, warranties and sureties issued to insiders (H10)	Not higher than 5%	Not higher than 10%	Not higher than 15%	Not higher than 20%	Not higher than 30%
Market share (Bank net assets / Total net assets of the banking system)	Over 5%	3-5%	2-3%	1-2%	Below 1%
Market share ratio (customer deposits (excluding interbank) / Average amount of banking system deposits (excluding interbank))	Over 2 times	2,-1,5	1,5-1	1-0,8	0,8-0,5
Set of factors 2 (D)	Presence of external loans, support by IFO and foreign shareholders from non-offshore jurisdictions, or state support	Presence of external loans, support by IFO, state support	Presence of external loans or support by IFO	Previous external loans or previous support by IFO	No external loans nor support by IFO in the past
H 7	Not higher than 17%	Not higher than 20%	Not higher than 23%	Not higher than 24%	Not higher than 25%
H 8	Not higher than 1,5 X R	Not higher than 2,0 X CR	Not higher than 4,0 X CR	Not higher than 6,0 X CR	Not higher than 8 X CR
H 11	Not higher than 1,0%	Not higher than 1,5%	Not higher than 2,5%	Not higher than 5%	Not higher than 15%

Share of large clients deposits ((Amount of deposits of customers exceeding 5% of total customer deposits) / (Total customer deposits))	Not higher than 17%	Not higher than 20%	Not higher than 23%	Not higher than 24%	Over 25%
Net interest margin in the operational income (Net interest margin / Operational income)	Not higher than 60%	60-70%	70-80%	80-90%	Over 90%
H 2	Over 14%	12-14%	10-12%	8-10%	6-8%
H 3	Over 8%	6-8%	4-6%	3-4%	2-3%
ROE (net income/shareholders equity)	Over 20%	15-20%	10-15%	5-10%	0-5%
H 4	Over 35%	30-35%	25-30%	20-25%	Below 20%
H 5	Over 55%	50-55%	45-50%	40-45%	Below 40%
H 6	Over 35%	30-35%	25-30%	20-25%	Below 20%
Asset quality level ((Negatively classified assets) / Total bank assets)	Below 5%	5-8%	8-10%	10-20%	20-30%
H13	Up to 5%	Up to 10%	Up to 20%	Up to 30%	Over 30%
GAP index (deviation from 100%, interest rate sensitive assets / interest rate sensitive liabilities)	0-5%	Up to 10%	Up to 20%	Up to 30%	Over 30%

Appendix A

Use limitations of the rating report

The present report is an intellectual property of Expert Rating RA Ltd. All intellectual property rights owned by Expert Rating RA Ltd are protected in conformity with the legislation of Ukraine. No part of this report may be sold, reproduced or distributed by third parties without previous written approval of Expert Rating RA Ltd. All information contained in the present report, had been obtained by Expert Rating RA Ltd from sources which Expert Rating RA Ltd considers as reliable. Due to the possibility of human or technical error, and other factors, Expert Rating RA Ltd does not warranty the absolute reliability of the provided information. The rating of stability of the insurance company, and any part of the information contained in the report, should be regarded exclusively as an opinion on degree of resistibility of a financial institution to adverse influences, not as recommendation about purchase or sale of securities or recommendation about use of insurer services. Expert Rating RA Ltd does not bear responsibility for any consequences of credit, investment or economic decisions of the third parties taken solely based on information on ratings, assigned by Expert Rating RA Ltd.

Depositors, insurers, investors, when using the given rating report, do automatically agree that the contents of the given rating report are the opinion of analysts of Rating Agency Expert Rating.

Taking into consideration the results of estimation of level of stability of bank, it should be understood:

1. At the estimating the factors that can positively or negatively influence on bank (company) stability are considered. Therefore evaluates the resistibility level of the bank to adverse factors of influence. For banks, estimate is performed according to the scale of RA Expert Rating Ltd (*Table A*). Conversion of this estimate into the national scale is considered valid only after written confirmation by RA Expert Rating Ltd of assignment according to the national scale.

2. The information presented in this rating report, coming from the Bank and the National Bank of Ukraine, may have a slight difference due to different accounting system or indicators calculation methods.

3. Information given in the report concerning foreign shareholders of the financial institution, is given with the currency used in the official annual report of shareholder company. At comparing such financial information with data of the Bank or of the similar foreign companies, consideration must be given to the differences in the relevant accounting systems and accounting policies.

Table A

Rating scale of stability level for banks

Rating	Stability level	Meaning of stability level
aaa	Highest	The best probability of that the company will withstand the adverse influences. The company corresponds to level aa , but in addition, its obligations are underwritten by foreign shareholders or by the state.
aa	Very high	Very high probability of that the company will withstand the adverse influences.
a	High	High probability of that the company will withstand the adverse influences.
bbb	Good	Regular probability of that the company will resist under the influence of adverse factors.
bb	Acceptable	Acceptable probability of that the company will resist under the influence of adverse factors.
b	Satisfactory	Satisfactory probability of that the company will resist under the influence of adverse factors.
ccc	Alerting	Alerting probability of that the company will resist under the influence of adverse factors.
cc	Low	Low probability of that the company will resist under the influence of adverse factors. As a rule, the company is removed from rating estimation

There are three types of forecast corresponding to each letter category:

Positive (+);

Neutral ();

Negative (–).

This appendix makes an integral part of any rating report.