

**PUBLIC JOINT STOCK COMPANY
“COMMERCIAL BANK GLOBUS”**

Financial Statements

for the year ended 31 December 2012

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INDEPENDENT AUDITOR'S REPORT

*To the Shareholders and Board
of the Public Joint Stock Company "COMMERCIAL BANK GLOBUS"*

We have audited accompanying financial statements of *Public Joint Stock Company "COMMERCIAL BANK GLOBUS"* (the Bank hereinafter), which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of the Bank as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Partner

Alexander Konovchenko

27 March 2013

Kyiv, Ukraine

Registration #13-062



STATEMENT OF FINANCIAL POSITION

as at 31 December 2012

	Notes	31.12.2012	31.12.2011	01.01.2011
ASSETS				
Cash and cash equivalents	6	103 773	152 185	167 441
Funds of the obligatory reserves with the National Bank of Ukraine		6 750	5 233	452
Securities held for trading	7	141 827	125 004	56 936
Funds with other banks	8	465 872	944 757	509 297
Loans and receivables of clients	9	466 015	384 524	282 910
Available-for-sale securities in the Bank's portfolio	10	-	-	22 119
Investment property	11	52 230	19 400	-
Accounts receivable on current income tax		-	-	52
Fixed and intangible assets	12	72 314	74 889	73 403
Other financial assets	13	406 775	71 656	94
Other assets	14	6 126	6 435	564
Total assets		1 721 682	1 784 083	1 113 268
LIABILITIES				
Funds of the banks	15	579 478	1 040 179	649 395
Clients' money	16	493 518	469 304	240 937
Debt securities issued by the Bank	17	-	-	36 630
Liabilities on current income tax		161	35	-
Deferred tax liabilities	27	336	1 496	1 615
Provisions for liabilities	18	1 445	1 239	119
Other financial liabilities	19	426 209	71 949	60
Other liabilities	20	2 367	718	163
Total liabilities		1 503 514	1 584 920	928 919
EQUITY				
Share capital	21	160 000	160 000	160 000
Retained earnings (uncovered loss)		53 562	35 320	20 463
Bank's reserves and other funds		4 606	3 843	3 886
Total equity		218 168	199 163	184 349
Total equity and liabilities		1 721 682	1 784 083	1 113 268

27 March 2013

Chairman of the Board

Chief Accountant



Kurilenko S. B.

Korzh L. M.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2012

	Notes	2012	2011
Interest income	23	248 627	146 772
Interest expense	23	(130 796)	(89 227)
Net interest income/(Net interest expense)		117 831	57 545
Fee and commission income	24	11 250	9 639
Commission expense	24	(3 093)	(4 103)
Result from transactions in securities in the Bank's trading portfolio		(3 652)	(2 788)
Result of remeasuring other financial instruments at fair value through profit or loss		6 635	(1 401)
Result from sales of available-for-sale securities in the Bank's portfolio		212	(376)
Result from foreign currency transactions		(11 719)	8 445
Result from foreign currency restatement		(1 912)	(1 751)
Provision for impairment of loans and funds with other banks	8, 9	(52 617)	(17 973)
Allocations to provisions for liabilities	18	(206)	(1 120)
Other operating income	25	865	1 299
Administrative and other operating expenses	26	(45 267)	(31 849)
Profit/(loss) before taxes		18 327	15 567
Income tax expenses	27	678	(313)
Profit/(loss) from continuing operations		19 005	15 254
Profit/(loss) for the year		19 005	15 254
Other comprehensive income		-	-
Other comprehensive income after taxes for the year		-	-
Total comprehensive income for the year		-	-
Profit/(loss) attributable to:		19 005	15 254
Bank owners		19 005	15 254
non-controlling interest		-	-
Earnings/(loss) per share from continuing operations:	28	118,78	95,34
net earnings/(loss) per ordinary share		118,78	95,34
adjusted net earnings/(loss) per ordinary share		-	-
Profit/(loss) attributable to the Bank owners:	28	118,78	95,34
net earnings/(loss) per ordinary share for the year		118,78	95,34
adjusted net earnings/(loss) per ordinary share for the year		-	-

27 March 2013

Chairman of the Board

Chief Accountant



Kurilenko S. B.

Korzh L. M.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2012

Item title	Notes	Attributable to Bank owners			Total equity	
		Share capital	Share premium	reserves, other funds and revaluation reserve		
Balance at the beginning of 01.01.2011		160 000	-	3 886	20 463	184 349
Adjusted balance at the beginning of 01.01.2011		160 000	-	3 886	20 463	184 349
Balance at the end of 31.12.2011		160 000	-	3 843	35 320	199 163
Balance at the end of 31.12.2012		160 000	-	4 606	53 562	218 168

The amount of income accrued and not derived as of the end of 31 December 2012 is UAH 28,268 thou.

The amount of expense accrued and not derived as of the end of 31 December 2012 is UAH 6,707 thou.

27 March 2013

Chairman of the Board

Chief Accountant



Kurilenko S. B.

Korz L. M.

STATEMENT OF CASH FLOWS

for the year ended 31 December 2012

	Notes	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest expense, received		231 400	156 132
Interest expense, paid		(130 482)	(88 238)
Fee and commission income, received		11 250	9 639
Commission expense, paid		(3 093)	(4 103)
Result of transactions in securities held for trading		3 652	(2 788)
Result of foreign currency transactions		(11 706)	8 445
Other operating income received		865	1 299
Staff costs, paid		(12 261)	(6 077)
Administrative and other operating expenses, paid		(26 843)	(20 953)
Income tax, paid		(1 712)	(345)
Cash received/(paid) from the operating activities before changes in operating assets and liabilities		61 070	53 011
Changes in operating assets and liabilities:			
Net (increase)/decrease in obligatory reserves with the National Bank of Ukraine		(1 516)	(4 782)
Net (increase)/decrease in securities held for trading		(9 360)	(68 012)
Net (increase)/decrease in funds with banks		484 943	(446 380)
Net (increase)/decrease in customers' loans and receivables		(133 635)	(112 815)
Net (increase)/decrease in other financial assets		(330 993)	(71 443)
Net (increase)/decrease in other assets		39	(5 920)
Net increase/(decrease) in funds of banks		(461 228)	391 049
Net increase/(decrease) in clients' money		25 226	225 485
Net increase/(decrease) in securities issued by the Bank		-	(35 000)
Net increase/(decrease) in other financial assets		354 932	72 345
Net cash received/(used) from the operating activities		(71 592)	(55 473)
CASH FROM THE INVESTING ACTIVITIES:			
Purchase of securities in the Bank's trading portfolio		(10 522)	14 943
Proceeds from sales of securities in the Bank's trading portfolio		212	(376)
Purchase of investment property	11	(32 830)	(19 400)
Purchase of property, plant and equipment	12	(2 506)	(5 435)
Purchase of intangible assets	12	(841)	(775)
Net cash received/(used) from the investing activities		(35 965)	(11 043)
CASH FROM THE FINANCING ACTIVITIES			
Net cash received (used) from the financing activities		-	-
Effects of changes in official exchange rate of the National Bank of Ukraine on cash and cash equivalents		(1 925)	(1 751)
Net increase/(decrease) in cash and cash equivalents		(46 487)	(13 505)
Cash and cash equivalents at the beginning of the period		152 185	167 441
Cash and cash equivalents at the end of the period		103 773	152 185

27 March 2013

Chairman of the Board

Chief Accountant



Kurilenko S. B.

Korzh L. M.

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Bank information

PUBLIC JOINT STOCK COMPANY COMMERCIAL BANK GLOBUS, which according to the Charter, Article 1.3 is the assignee of the rights and obligations of JSC Commercial bank “Globus” (hereinafter - the “Bank”), was established on 22 January 2007 under the decision of the Shareholders' Meeting. The founder of the Bank is Limited Liability Company “UKRAINIAN MEDIA TECHNOLOGIES” (“UKRAYNSKI MEDIA TEKHNOLOGIY”).

PJSC CB GLOBUS was registered with the National Bank of Ukraine on 29 November 2007, in faith whereof the relevant record was made in the State Register of Banks and Certificate No. 320 was issued.

The Bank is registered and is located at the following address: 19/5 Kurenivsky lane, Kyiv 04073, Ukraine.

By the decision of the Banking Supervision and Regulation Commission of the National Bank of Ukraine dated 13 December 2012 No. 974, PJSC CB GLOBUS was assigned to the fourth group of banks in Ukraine ranked by assets size.

The form of incorporation of PJSC CB GLOBUS is public joint-stock company.

The governing bodies of the Bank are:

- Shareholders' General Meeting;
- Supervisory Board of the Bank;
- Board of the Bank.

The Bank staff on the payroll as of 31.12.2012 was 237 employees, as of 31.12.2011 it was 179 employees.

TYPES OF ACTIVITIES CARRIED OUT AND TO BE CARRIED OUT BY THE BANK

The grounds for conducting operations in the banking market of Ukraine by PJSC “CB GLOBUS” are Banking License No. 240 dated 26.10.2011 and General license No. 240 dated 26.10.2011 that were issued by the National Bank of Ukraine.

In addition, PJSC CB GLOBUS holds Licenses of the State Commission on Securities and Stock Market of Ukraine granting the right to carry out professional activity in the stock market:

Series AB No. 581085 – trading activities in securities – dealer's operations;

Series AB No. 581084 – trading activities in securities – brokerage;

Series AB No. 581086 – trading activities in securities – underwriting;

Series AB No. 581087 – depository activities of securities custodian.

PJSC CB GLOBUS makes banking transactions, which are specified in the Law of Ukraine “On Banks and Banking” Article 27, Part 1 and paragraphs 5-11 of Part 2:

- accepting deposits from legal entities and individuals;
- opening and maintaining current accounts of customers and correspondent banks, including cash transfer from these accounts using the payment instruments and placement into accounts;
- use of funds raised on its own behalf, at its own conditions and its own risk;
- guarantees, warrants and other commitments of third parties that provide for their implementation in cash;
- acquisition of demand rights to settle obligations in cash for goods delivered or services rendered, assuming the risk of such demands and receiving payments (factoring);
- custody services to the customers on safe-keeping valuable property and documents;
- issue, purchase, sale and service of checks, promissory notes and other negotiable payment instruments;
- advisory and information services relating to banking operations.

Note 1. Bank information (continued)

In addition, the Bank makes transactions, which are specified in the Law of Ukraine "On Banks and Banking", Article 47, Part 2, paragraphs 1-4 and Part 4:

- currency valuable transactions;
- issue of own securities;
- purchase and sale of securities on behalf of the customers;
- operations with precious metals in the foreign exchange market of Ukraine;
- transactions in the securities market on its own behalf (including underwriting);
- transactions on behalf of customers or on its own behalf:
 - in money market instruments;
 - in instruments based on exchange rates and interest rates;
 - in financial futures and options;
- transactions related to depository activities of securities custodian.

As of 31.12.2012, PJSC CB GLOBUS established correspondent relations with 24 banks, 4 of them are non-resident banks (Joint Stock Bank "Promoting Public Initiatives" (Russian Federation), JSCB First Processing (Russian Federation), Deutsche Bank AG, F/M (Germany) and Deutsche Bank Trust Company Americas NY (USA).

The number of correspondent accounts of Nostro (71) and Loro (36) types adequately ensures making settlements with the counterparties as fast as possible.

PJSC CB GLOBUS is:

- participant of the Individuals' Deposit Guarantee Fund (Certificate No. 193);
- full member of the Independent Association of Banks of Ukraine;
- full member of the Stock Exchange First Stock Trade System (PFTS);
- member of the Society for Worldwide Interbank Financial Telecommunication S.W.I.F.T.;
- member of the Association Ukrainian National Group of SWIFT Members and Users "UkrSWIFT";
- member of the Association "Ukrainian Stock Traders";
- member of the Association "Stock Partnership";
- member of the Professional Association of Registrars and Depositories;
- participant of Private Joint Stock Company "All-Ukrainian Securities Depository";
- participant of "National Depository of Ukraine";
- official partner of Ukrainian Securities Depository concerning securities dematerialization;
- affiliated member of the International Payment System MasterCard Worldwide;
- Member of the Payment System "UkrKart".

In order to expand the range of services and create the most comfortable conditions of servicing the Bank customers, PJSC CB GLOBUS provides quick money transfer through the international systems Western Union, MoneyGram, "Mellat" and "Avers".

PJSC CB GLOBUS is a user of the information system for agreements in the interbank credit market "KredInfo", the information-dealing system "UkrDealing", transactions confirmation system in the interbank currency market of Ukraine of the National Bank of Ukraine, the REUTERS system.

Note 1. Bank information (continued)

STRATEGIC GOAL OF THE BANK

The main objective of the Bank’s activities determined by its Shareholders is making profit by providing a full range of domestic and international banking services, including but not limited to, the banking transactions, which are related to implementing commercial, investment, depository and any other activities that may be permitted for the banks in accordance with the current legislation of Ukraine.

SPECIALIZATION OF THE BANK

In accordance with the Charter, PJSC CB GLOBUS is a universal bank that operates on the territory of Ukraine in compliance with existing laws and regulations of the National Bank of Ukraine.

CHARACTERISTICS OF BANKING ACTIVITIES

Given the universality of the activities, during 2012 and 2011 PJSC CB GLOBUS developed all lines, following the policy of reducing risk level of the operations. Loans for legal entities, foreign currency trading transactions for customer transactions, foreign exchange transactions, cash settlement service of legal entities and individuals, attracting deposits of legal entities and individuals, securities trading, treasury operations are the main areas of development of the institution in the reporting period.

In 2012, PJSC CB GLOBUS continued to expand its regional network. Thus, it opened 4 new offices: in Ivano-Frankivsk, Rivne and two in Kyiv. As of 31 December 2012, total number of branches was twenty-three:

- Kyiv, Kurenivsky lane, 19/5;
- Zaporozhye, Stalevariv Str., 24;
- Uzhgorod, Koryatovicha Str., 10;
- Dnepropetrovsk, Karl Marx Avenue, 55;
- Kamenetz-Podolsk, Prospect Hrushevskoho, 27/5-a;
- Kyiv, Podvysotskogo Str., 16;
- Odessa. Bazarna Str., 41;
- Sumy, Kharkivska Str., 12 A;
- Lviv, Tchaikovsky Str., 16;
- Kharkiv, Rymarskaya Str., 23;
- Poltava, Kuibyshev Str., 6;
- Chernihiv G. Polubotko Str., 24;
- Mykolaiv, Kosmonavtiv Str., 53/1;
- Lugansk, Kotsyubinskogo Str., 8;
- Ternopil, Zhivova Str., 37-a;
- Cherkassy, Dashkovicha Ostafiya Str., 34;
- Chernivtsy, Olga Kobylanska Str., 29;
- Sevastopol, Velyka Morska Str., 20;
- Vinnitsya, Soborna Str., 64;
- Kyiv, Yaltynska Str., 6;
- Ivano-Frankivsk, Gryunvaldska Str., 4;
- Rivne, Simon Petlyury Str., 14;
- Kyiv, Trublayni Str., 2-a.

Note 1. Bank information (continued)

To improve the quality of customer service, in May of the reporting year PJSC CB GLOBUS introduced the information service for customer support, the Call Center.

An indicator of PJSC CB GLOBUS performance stability in 2012 and 2011 is also expansion of loan programs. Unlike other banks that put down the loan programs, PJSC CB GLOBUS continued to develop a lending line during the reporting year. If previously the Bank offered only own loan programs, starting from 2012 the Bank signed the partnership cooperation agreements in the area of consumer loans to individuals with JSC “BANK RENAISSANCE CAPITAL” (TM Renaissance Credit) and with PJSC Delta Bank. From now on, the Bank offers its customers the partnership programs along with own loan products.

The line of corporate banking has significantly developed, in particular, for the companies representing small and medium businesses. Overdraft credit program “Partner Support” on replenishing working capital was in greatest demand. This activity line not only brought considerable income to the Bank in the reporting year, but also it was marked by the financial analysts. Thus, according to the magazine “Bankir” PJSC CB GLOBUS has been awarded in the category “The Bank - the Leader in Lending to Small and Medium Enterprises” in All-Ukrainian competition “The Bank of the Year – 2012”.

In addition, by the results of all-Ukrainian rating “The Most Trusted Bank – 2012”, which was also held by the magazine “Bankir”, PJSC CB GLOBUS won in the nomination “The Best Banking Products and Services for Business”.

Another important line of developing retail business and gaining new market segments in 2012 was expansion of the list of card products for both the individuals and corporate clients. This enabled to provide customers with a fundamentally new quality of service.

The Bank is affiliated member of the international payment system MasterCard Worldwide, is a participant of the payment system “UkrKart” and issues payment cards of the following classes:

- MasterCardGold
- MasterCardStandard
- Maestro.

During the reporting period, PJSC CB GLOBUS implemented a new product – card MasterCard Standard Virtual. The card is intended solely for payments on the Internet.

In 2012, the payment cards of MasterCardGold and MasterCardStandard class were also launched using chip technology.

In the total, for the reporting period, the Bank issued about 5,500 payment cards of the international payment system MasterCardWorldwide, and as of 31.12.2012, the balances on card accounts were about UAH 8.8 mn in Hryvnya equivalent. The amount of payments by payment cards of the Bank in the sales and service network for 2012 was about UAH 12.5 mn.

In the reporting year, the Bank has traded both the corporate bonds and governmental bonds, at that, it was constantly included in the PFTS Stock Exchange ratings, occupying leading positions. Thus, since issuing the licenses to carry out a professional activity in the stock market, in particular, dealer’s operations, brokerage, and underwriting by the State Commission on Securities and Stock Market of Ukraine, the Bank became active participant of the market, working with the leading banking institutions and professional participants of the stock market. In 2012, PJSC CB GLOBUS became a member of PJSC Perspektyva Stock Exchange and was admitted to that Stock Exchange for trading.

By the results of trading held in October of the reporting year on the PFTS Stock Exchange, PJSC CB GLOBUS took a leading position in participant ranking: the fourth place in ranking of participants engaged in trading of the governmental bonds, whereby the first three positions were occupied by the large systemic banks with foreign capital. In addition, in ranking of the participants, who trade corporate bonds, PJSC CB GLOBUS took the third position, and in ranking of participants who trade the municipal bonds its position was the second.

By the results of trading held during the whole year 2012 on PFTS Stock Exchange, PJSC CB GLOBUS took 11th position among the participants that traded the debt corporate securities. In addition, PJSC CB GLOBUS took 15th position in ranking of participants that traded the governmental bonds, and took the 8th position in ranking of participants that traded the municipal bonds.

Note 1. Bank information (continued)

In 2012, the depository line of the activities of PJSC CB GLOBUS continued developing too. Despite the general trend of falling stock market activity, the Bank not only has retained the positive trend, but also increased the volume of depository operations. Over the reporting period, PJSC CB GLOBUS earned UAH 543 thou of income on providing the custodian services; this amount exceeds by 35% the indicator of the past year.

PJSC CB GLOBUS is consistently listed among the largest custodians of Ukraine under the ranking of the Professional Association of Registrars and Depositories (PARD).

PJSC CB GLOBUS increased significantly the volume of depository services by providing conditions for servicing contracts by all types of securities on the stock exchange, as well as on the over-the-counter markets, attracting new customers, efficient operations over the whole reporting period.

In 2012, the Bank focused at implementing new services for the customers and improving depository services. Distribution of dividends to the shareholders of issuers, who transferred their securities in uncertified form with the help of PJSC CB GLOBUS, became an impulse to deepen cooperation with the existing customers and allowed to promote all activities of the Bank among the public at large. Vigorous activity of PJSC CB GLOBUS in this line led to the decision of Board of Professional Association of Registrars and Depositories (PARD) to award PJSC CB GLOBUS "For Active Support in Developing the National Depository System and Self-Regulation in Ukraine".

In the total, the number of depositors of securities custodian increased to 11 thou persons, i.e. increased by 40% for the year. For 2012, the securities custodian made about 5 thou of accounting operations for the total amount of UAH 10,370 mn. The amount of assets in custody is UAH 1,500 mn.

RESULTS FROM BANKING AND OTHER TRANSACTIONS

For the reporting period, PJSC CB GLOBUS made net profit after taxes for UAH 19,005 thou that exceeds the net profit received in 2011 by 24.589% or UAH 3,751 thou.

The financial result was significantly influenced by the increase in income from the transactions, namely:

- interest income, which increased by 40.97% compared to 2011;
- fee and commission income, which increased by 14.32% compared to 2011.

During 2012, the provisions for active operations of the Bank were established for UAH 52,823 thou.

In the reporting period the Bank earned income of UAH 250,307 thou, the expenses comprised UAH 231,979 thou.

Interest income has the largest share in the structure of the Bank income, amounting to 99.32% or UAH 248,627 thou.

From it:

- interest income on corporate and retail lending is UAH 146,254 thou, comprising 58.82% of the Bank interest income;
- interest income received from placements into the banks is 33.82% or UAH 84,098 thou;
- interest income on transactions in debt securities is 7.30% or UAH 18,151 thou.

Interest expense during 2012 amounted to UAH 130,796 thou or 56.38% of total expenses; its structure was as follows:

- funds raised from other banks in the amount of UAH 74,962 thou, comprising 57.31% of the Bank interest expense;
- funds of legal entities and individuals are 41.08% or UAH 53,734 thou;
- debt securities issued by the Bank are 0.01 % or UAH 13 thou.

As at the end of 31.12.2012 largely due to increased income of the reporting year, the equity increased by 8.71 percent and amounted to UAH 218,169 thou.

Regulatory capital calculated using the methodology of the National Bank of Ukraine increased by 2.54% during the reporting period and was UAH 203,442 thou.

Note 1. Bank information (continued)

DESCRIPTION OF EACH SEGMENT OF THE COUNTERPARTIES

Since the inception, one of the key priorities in the policies of PJSC CB GLOBUS has been the formation and expansion of the client base. Thus, as of 31.12.2012, the number of counterparties of PJSC CB GLOBUS was 6,681 increasing by 3,136 counterparties, i.e. two times as compared with the prior year.

Counterparty base of the Bank

Counterparty segment	Number of counterparties	
	2012	2011
Banks	171	171
Corporate customers	1494	871
Individuals	5 016	2 501
Total counterparties	6 681	3 543

The share of each segment of counterparties in the structure of counterparties of the Bank as of the end of 31.12.2012 is the following:

- banks – 2.56%;
- corporate customers – 22.36%;
- individuals – 75.08%.

It should be noted that in 2012, as in the previous reporting periods, the Bank’s management directed efforts to diversify the resource base in order to mitigate risks of reduction in liquidity and solvency of PJSC CB GLOBUS due to possible sharp fluctuations in account balances of the customers.

DISCONTINUATION OF CERTAIN TYPES OF BANKING OPERATIONS

During 2012, no restrictions were imposed on PJSC CB GLOBUS with regard to asset ownership and conducting banking operations and none of them was discontinued.

During the reporting period, there was no *merger, take-over, division, separation of the Bank*.

THE BANK’S ORGANIZATIONAL STRUCTURES AND MANAGEMENT

The overall organizational structure of PJSC CB GLOBUS (hereinafter - the structure) has been designed based on current legislation of Ukraine, the Charter of PJSC CB GLOBUS and consists of the governing bodies, the control bodies, the executive bodies and the operational units of the Bank.

The governing bodies of the Bank are Shareholders General Meeting, the Supervisory Board of the Bank, which is its executive body too.

The control bodies of the Bank are Auditing Committee and Internal Audit of the Bank.

The supreme governing body of the Bank is the Shareholders’ General Meeting. The Shareholders’ General Meeting executes overall management of the Bank’s activities, defines the objectives and strategy of its development, takes decisions on making amendments/addenda to the Charter of the Bank, changes in the Share capital, approves the results of the Bank’s activities, the procedure for profit distribution, the procedures and terms of the payment of profit share, the procedure for covering losses.

The Bank’s governors are the Chair of the Supervisory Board of the Bank, s/his deputies and the members of the Supervisory Board, the Chair of the Board of the Bank, s/his deputies and members of the Board of the Bank, the Chief Accountant, and s/his deputies. The Bank management is responsible for the damage to the Bank in accordance with the current legislation of Ukraine.

Note 1. Bank information (continued)

MANAGEMENT’S INTEREST IN SHARES

According to the Charter of PJSC CB GLOBUS, those charged with governance of the Bank are the Chair of the Supervisory Board and the members of the Supervisory Board of the Bank, the Chair of the Board of the Bank, its deputies and the members of the Board of the Bank, the Chief Accountant, its deputies. Those charged with governance of the Bank do not own any interest in the Share capital.

SIGNIFICANT INTEREST IN THE BANK

As of the end of 31 December 2012, share capital of the Bank was UAH 160,000 thou with the significant interest of LLC “UKRAINIAN MEDIA TECHNOLOGIES” equaling 100%.

Note 2. The Bank’s operating environment

The external conditions were unfavorable for the Ukrainian economy in 2012. Given the predominance of recessive trends in the global economy, the demand and prices for traditional Ukrainian exports have declined. The indicators of economic development of Ukraine were correspondingly affected. The increase in real GDP was 0.2% in 2012 compared with 5.2 % in 2011.

Therefore, the main goal of the country in 2012 was to ensure stability of Ukrainian monetary unit. In particular, low inflation environment was maintained during this period in Ukraine – the growth of consumer price index was “minus” 0.2% for 2012 (compared to 4.6% in 2011) and increase in the basic consumer price index was 0.8 % (6.9 %). Achieving and maintaining the price stability is the foundation for further favorable changes in the economy. The inflation rate that was lower than forecasted by the Government (7.9%) favored the increase in real incomes of the population, preserving the value of savings and obtaining the price advantages by the Ukrainian producers both in foreign and domestic sales markets for their products.

Maintaining the price stability was favored by the preservation of projected dynamics of the foreign exchange market. The exchange rate for non-cash transactions in 2012 was decreased by 0.29% to UAH/USD 8.052. In cash segment of the currency market, Hryvnya in transactions of USD sales was devaluated over this period by 0.28% to UAH/USD 8.088.

The specific feature of 2012 were significant payments on government debt and government guaranteed debt, the amount of which (USD 7.8 bn, including of about USD 3.5 bn on IMF loan) more than twice exceeded the payments in 2011 (USD 3.2 bn). Under these conditions, the international reserves have played a stabilizing role. Despite the fact that there were no new IMF loans and difficult borrowing conditions in the international markets, the National Bank of Ukraine minimized the reduction in international reserves, which volume decreased in 2012 by USD 7.2 bn to USD 24.5 bn (in equivalent). The dynamics of money supply was adequate for the macroeconomic situation. The increase in the monetary base by 6.4% in 2012 enhanced by the mechanism of funds multiplying has provided money supply growth during this period by 12.8%.

A stable monetary unit and measures taken to promote and enhance the stability of the banking system have led to further expanding the resource base of the banks. The volume of deposits of the population increased in 2012 by 19.0%. Due to the stable price situation in the country, in 2012 series of measures were taken aimed at supporting the processes of economic development by encouraging lending activities of banks. In particular, the discount rates and loan refinancing rates were reduced; the liquidity of the banking system was retained through active operation on loan refinancing and securities purchase transactions, more flexible requirements to the banks obligatory reserves. The monetary mechanisms and instruments were improved, including increased terms for possible support of banks liquidity, interest rate efficiency was increased, and the list of collateral types for refinancing loans was expanded.

The above-mentioned made it possible to ensure adequate liquidity of banks for performing their functions – average daily volume of correspondent accounts of the banks in 2012 amounted to UAH 19.6 bn compared to UAH 17.5 bn in 2011. However, given the significant external risks and uncertainties regarding the future development of markets, the recovery rate of lending activity of the banks was insufficient – the growth in lending to the real sector of economy was 4.9% for 2012.

Note 2. The Bank’s operating environment (continued)

As of 31 December 2012, 176 banks of Ukraine (public joint stock companies) have banking licenses of the National Bank of Ukraine to conduct banking activities, one of these banks has a bridge bank license. 22 banks (or 12.5% of the total number of banks in the State Register of Banks) were at the stage of liquidation. The number of banks with foreign capital that had licenses to perform banking operations remained at the prior level from the beginning of the year; at the end of December, there were 53 banks, including 22 banks with 100 percent foreign capital. Thus, the share of foreign capital in the share capital of banks was 39.5%.

The capital of banks increased by UAH 13.8 bn for 2012 and was UAH 169.2 bn as of 31.12.2012 or 15.0% of the liabilities of banks. Paid-in registered share capital of banks increased by UAH 3.3 bn to UAH 175.2 bn.

As of 31.12.2012, the liabilities of the banks were UAH 957.8 bn.

The main components of the liabilities were:

- funds of individuals – UAH 364.7 bn or 38.1%;
- funds of legal entities – UAH 202.6 bn or 21.2%;
- interbank loans and deposits – UAH 119.3 bn or 12.5%.

The structure of funds of the individuals is as follows:

- term funds – UAH 289.5 bn or 79.4%;
- demand deposits – UAH 75.2 bn or 20.6%.

The assets of the banks of Ukraine as of 31.12.2012 were UAH 1,127.3 bn, total assets were UAH 1,267.8 bn.

The structure of total assets of the banks is as follows:

- cash, precious metals and funds in the National Bank of Ukraine – 5.1%;
- correspondent accounts opened in other banks – 7.9%;
- loans made – 63.7%;
- investment insecurities – 8.2%;
- receivables – 5.1%;
- fixed and intangible assets – 4.3%;
- accrued income due – 4.2%;
- other assets – 1.5%.

During 2012, income of the banks of Ukraine as compared with 2011 increased by UAH 7.7 bn and was UAH 150.4 bn. Expenses of the banks of Ukraine for the above period reduced by UAH 4.9 bn and were UAH 145.5 bn. Increase in income and decrease in expense was caused by the overall trend to increasing the value of loans (that ensured primary part of income of the banks).

The Bank’s management has rather conservative predictions for the Ukrainian banking system. On the one hand, it is probable that the sector will soon recover in full from the financial crisis of 2008-2009. In particular, we expect positive overall financial performance in 2013, and the volume of doubtful loans is likely to decline further. At the same time, we do not expect dynamic developments. The main obstacles may be unstable macroeconomic conditions, lack of long-term financing in the domestic market and imperfect legal environment. Therefore, we believe that the main scenario will be the growth of lending volume at a level lower than the nominal change in GDP. This means that the economy will continue reducing the debt burden relative to GDP.

Note 3. Basis of presentation of the financial statements

The annual financial statements of the Bank have been prepared under the historical cost principle, based on the accounting data of the Bank, by transforming the previous Ukrainian Accounting Standards (UAS) in compliance with International Financial Reporting Standards (hereinafter - IFRS).

The financial statements for 2012 are first IFRS financial statements of the Bank, prepared under IFRS 1 "First-time Adoption of International Financial Reporting Standards" by adjusting the opening balance for 2011.

The annual financial statements of the Bank include:

- Statement of Financial Position;
- Income Statement and Other Comprehensive Income Statement;
- Statement of Changes in Equity;
- Direct Method Statement of Cash Flows;
- Notes to the Financial Statements.

These financial statements have been prepared by the Bank on a going concern basis.

The financial statements for 2012 and 2011 have been prepared by the Bank for the period beginning from 01.01.2011 and as of the end of 31 December 2012, taking into account all adjusting entries.

The financial statements are presented in UAH thousand.

The main provisions of the Accounting Policies used in the preparation of these financial statements are stated below. These principles have been applied consistently to all periods, unless otherwise specified (see Note 5).

Note 4. Principles of accounting policies

Measurement bases used for the preparation of the financial statements.

These financial statements have been prepared in compliance with IFRS under the historical cost principle, with adjustments for the initial recognition of financial instruments at fair value and remeasuring securities held for trading and financial assets for repurchasing.

The Accounting Policies of PJSC CB GLOBUS (hereinafter - the Bank) are based on the International Financial Reporting Standards.

In its Accounting Policies, the Bank is guided by the principles of reliability, substance over form, neutrality, prudence, going concern, accrual and matching of costs with revenues, consistency and historical (original) cost.

Techniques and bases for measuring specific assets and liabilities are presented below.

The procedure for accounting for the operations made by the Bank is regulated by the separate internal documents that are components of the Accounting Policies of the Bank.

These financial statements, prepared for issue, were authorized by Minutes No. 8 of the joint meeting of the Supervisory Board and the Board of Directors of PJSC CB GLOBUS dated 27.03.2013.

Note 4. Principles of accounting policies (continued)

Initial recognition of financial instruments

Financial instrument is recognized as financial asset, liability or equity instrument and derivative financial instruments in the balance sheet, when the Bank enters into the respective arrangements with other counterparty.

At initial recognition, the financial assets are classified into four categories:

- held-to-maturity investments;
- available-for-sale financial assets;
- financial assets at fair value through profit or loss;
- loans and receivables.

At initial recognition the financial assets and financial liabilities are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability (in the case of a financial asset or financial liability not measured at fair value through profit or loss after the initial recognition).

The financial instruments (loans issued/made, deposits placed/raised, securities in trading portfolio, available-for-sale securities in portfolio) are recognized initially at fair value that is normally the actual transaction price. Overdraft loans, overnight loans, deposits, and guarantees are measured at cost.

All banking transactions are accounted for at the date when the right or obligations arise, irrespective of the date of cash flows. The transactions are recorded and disclosed in the statements in accordance with their substance and economic reality, all accounts of assets and liabilities are measured separately.

Purchase or sale of financial assets under a contract whose terms require delivery within the time frame established by regulation or convention in the marketplace are recognized at the trade date on off-balance sheet accounts. All other transactions are recognized on the balance sheet accounts at the settlement date.

Subsequent recognition

After initial recognition (at the balance sheet date) the assets and liabilities are measured:

- at revalued amount (at fair value) – derivative financial instruments and securities in the Bank's trading portfolio through profit or loss; available-for-sale securities in the Bank's portfolio and the revaluation result is recognized in equity of the Bank; fixed assets of the Buildings and Construction Group, which residual value differs materially from their fair value, the revaluation result is recognized in equity of the Bank;
- at amortized cost – loans issued/made and deposits (contributions), held-to maturity securities in the Bank's portfolio;
- at cost – shares and other securities with non-fixed gain in the available-for-sale Bank's portfolio, whose fair value cannot be reliably estimated, fixed and intangible assets that were not remeasured, investment property.

Impairment of financial assets

The assets other than those measured at fair value through profit or loss are measured at the balance sheet date taking into account an impairment. The carrying amount of such assets is adjusted for impairment by setting provisions for possible risks according to the regulations of the NBU on establishing reserves and internal regulations of the Bank.

Impairment losses from the items of property, plant and equipment, intangible assets, investment property (that were not remeasured) are included in the expenses of the reporting period.

Derecognition of financial instruments.

Derecognition is the removal of a previously recognized asset or liability from the Bank's balance sheet.

The Bank derecognizes a financial asset in the balance sheet when:

- the rights to the cash flows from an asset expire or cease;
- the contractual rights to receive the cash flows on the financial asset are transferred. At that, the Bank has transferred substantially all the risks and rewards of ownership or has not retained control of the assets. The Bank does not control the asset transferred, if a transferee has the practical ability to sell it or dispose it otherwise;
- an asset is written-off out of provision for bad debts on a financial instrument.

Note 4. Principles of accounting policies (continued)

The Bank defines debts on active banking operations as uncollectible in accordance with the procedures established by the National Bank of Ukraine, if they meet at least one of the indications of bad debts defined by the Tax Code of Ukraine, in particular:

- (a) debt on obligations for which the limitation period has expired;
- (b) part due debt not paid because of insufficient property of an individual, provided that the creditor's actions aimed at the enforcement of the debtor property did not result in full repayment;
- в) amounts due from the entities that were declared bankrupts in accordance with the law or discontinued as legal entities in connection with the liquidation;
- г) debt that was unpaid due to insufficient funds received after the lender foreclosed the pledged assets under the law and contract, provided that other actions of the lender for the forced collection of other property of the borrower, specified by the regulations, have not result in full settlement of debt;
- г) debt which has become uncollectible due to the action of force majeure, acts of God (circumstance of insuperable force) confirmed in the procedure provided by law.

The Bank charges off a financial asset from the balance sheet, when (a) assets are settled or rights to receive the cash flows on the assets otherwise expired or (b) the Bank transferred rights to receive the cash flows on the financial assets or entered into contract to transfer and (I) transferred substantially all the risks and rewards of ownership of the assets, or (II) the Bank neither transferred nor retained substantially all the risks and rewards of ownership, but has not retained control. Control is considered retained, if the counterparty has no the practical ability to sell the asset in its entirety to an unrelated third party without need to impose additional restrictions on the repurchase.

The Bank derecognizes a financial liability in the balance sheet, when it is settled, cancelled or the contract expired.

Estimates presented in these financial statements may not reflect the amounts that the Bank would be able to receive from the actual sale of available package of financial instruments.

Cash and cash equivalents

Cash and cash equivalents are assets that are readily convertible into known amount of cash upon request and are subject to an insignificant risk of changes in value. All short-term funds in the interbank market except the “overnight” deposits are included in the liabilities of other banks. Amounts related to the funds which use is restricted are excluded from cash and cash equivalents. Cash and cash equivalents are carried at amortized cost.

Cash and cash equivalents of the Bank at the end of the reporting year were UAH 103,773 thou and are recorded in *the Statement of Financial Position (Balance Sheet)* (hereinafter – *the Balance Sheet*) in line item 1 and in Note 6 to it, and in *the Direct Method Statement of Cash Flows* in line items 58, 59.

Securities held for trading

Securities held for trading are the securities that were acquired with the objective of generating a profit from short-term fluctuations in price or dealer's margin or securities that are part of portfolio for which there is evidence of short-term profit-taking.

In the Bank's trading portfolio are carried:

- (a) debt securities, shares and other securities with floating earnings that are used by the Bank to generate profit from the short term fluctuations in price or dealer's margin and selling in the near term;
- (b) any other securities that are identified by the Bank at the stage of initial recognition as those for which the Bank has intention and ability to carry them at fair value though profit or loss (except the shares that have no quoted price in an active market and which fair value cannot be determined reliably).

Note 4. Principles of accounting policies (continued)

The fair value of securities that are outstanding in the organized markets is measured at their market value. Methods of determining the fair value for each category of securities in the Bank's portfolio are specified by the regulations of the National Bank of Ukraine, IFRS and internal documents of PJSC CB GLOBUS. Transactions in securities are accounted for in compliance with the requirements of "Instructions on accounting for transactions in securities in the banks of Ukraine" approved by the Board of the NBU No. 358 dated 03.10.2005 (as amended) and the Chart of Accounts.

Securities in the Bank's trading portfolio are initially recognized at fair value. Commissions and other transaction costs on purchasing the securities in the trading portfolio are recognized as expenses at initial recognition of such securities.

At the transaction date, the value of securities purchased to be included in the trading portfolio is carried on off-balance sheet accounts.

In case of changes in the fair value, the Bank remeasures the securities, but certainly at least once a month as of the last working day of the reporting month. The results of revaluing the securities in trading portfolio of the Bank are recognized in income based on the results of trading transactions.

For debt securities in trading portfolio the Bank recognizes interest expense in accordance with the established coupon rate on these securities. Income interest on debt securities in trading portfolio is accrued when each remeasurement is recognized, but at least once a month.

A discount (premium) on the debt securities in trading portfolio is not amortized.

The Bank does not reclassify the financial instruments out or into the category during the period of ownership of the financial instrument.

The Bank accrues interest income on the securities in trading portfolio at the date of their remeasurement, but at least once a month.

As at the end of 31 December 2012, securities of the carrying amount for UAH 141,827 thou were carried in trading portfolio of the Bank.

Loans and receivables

Loan is the loan capital of the Bank in a cash form that is transferred for temporary use to a customer, being subject to conditions of temporary use, maturity, repayment and security (one-time loan, loan in the form of credit line, overdraft, factoring, etc.).

Liabilities are requirements to a borrower comprising the payment of cash amount (under loan agreements, avalizing, warrants, guarantees and off-balance sheet liabilities, etc.) over the fixed period in the future, including interest accrued, penalties and fines.

Factoring is a kind of trading commercial operations combined with lending of the customer's working capital. The basis of factoring operations is the purchase by the factor (the Bank) of the customer's invoices under certain terms.

The Bank's lending policy is prudent and goal-oriented, is based on the principles of equal access to loan resources for the enterprises of all patterns of ownership and maximum provision of the Bank's interests on collecting loans. The Bank recognizes initially the loans at fair value.

Disclosure of the fair value of financial instruments is presented in compliance with IFRS.

At the balance sheet date, the loans are measured at amortized cost using the effective interest rate in amortizing the discount (premium) and accruing interest at least once a month. The commissions of the Bank are treated as discount/interest income, if such commissions are paid by a customer and are related to granting loans.

Note 4. Principles of accounting policies (continued)

The reserves are set by the Bank to cover possible losses on the following transactions: loans, guarantees and warrants, loan commitments, avalizing the bills, cash cover with other banks, placements with other banks in the form of loans and term deposits, as well as off-balance sheet loan commitments.

Provisions for assets are special (estimated) reserves that reduce the carrying amount of assets and the need to establish them is caused by impairment of such assets.

Provisions for financial commitments granted provide that they will be met in the future and are recognized in Bank' Balance Sheet as liabilities and indicate the possible losses due to an outflow of resources related to discharging the Bank's financial commitments.

The Bank sets the provisions monthly in full, regardless of the amount of income by quality categories broken-down by arrangements, balance-sheet and off-balance sheet accounts in accordance with the amounts due on loan transactions (including loan commitments granted) as of the first day of the month following the reporting month, till the due date of presenting the trial balance, that is reflected by entries in the reporting month or adjusting entries before the preparation of the trial balance for the reporting month.

PJSC CB GLOBUS breaks down the financial assets into individually significant assets and assets that are not individually significant. The financial assets that are not individually significant include loans granted to the individuals, including private entrepreneurs, total amount of debt on them does not exceed UAH 50,000 or equivalent of this amount in foreign currency computed at the official exchange rate of the National Bank of Ukraine at the date of setting provisions, except the financial assets arisen from substitution.

The Bank includes the financial assets that are not individually significant in the groups of financial assets and assesses their exposure to risk on a portfolio basis depending on the number of days of delay. All other assets are individually significant. Risk is assessed individually for individually significant financial assets.

The provisions are established out of expenses of the Bank. As of the end of 31 December 2012, the provisions for debts on loans to the customers of the Bank are established in full and amount to UAH 85,114 thou.

Net loan portfolio of the Bank (less provisions) was UAH 466,015 thou as of 31 December 2012.

The debt under loan not paid when due in accordance with the contractual terms (past-due loan) is transferred to the accounts of past-due debt on the banking day following the last day of duration of a loan agreement.

In case of recognition of the principal amount and unpaid interest on loan transaction that is uncollectible, such debt based on the decision of the Board of the Bank at the request of the Lending Committee of the Bank is written down out of provisions no later than 5 working days after the respective decision was adopted, but no later than the last working day of the month, in which such decision was adopted in compliance with the applicable regulations.

Subsequent accounting of loan debt written-down is made by the Bank on off-balance sheet accounts and is written-off at the end of the limitation period, which is calculated from the date of posting or when the funds are received from the borrowers.

The debt which was recognized uncollectible and written-off out of provisions created was UAH 933 thou in 2012.

Note 4. Principles of accounting policies (continued)

Available-for-sale securities in the Bank's portfolio

Securities that were acquired to manage liquidity, but not for short-term profit taking are allocated to the category of securities held for resale.

Acquired available-for-sale securities in the Bank's portfolio are measured initially and carried at fair value, to which the transaction costs to acquire such securities are added.

The shares and other securities with not fixed profit in the Bank's portfolio, which fair value cannot be determined reliably by the Bank are recorded at the balance sheet date at their cost with consideration of impairment.

Available-for-sale securities in the Bank's portfolio, which are carried at fair value, should be remeasured and the results should be recorded in equity of the Bank at the balance sheet date.

All available-for-sale securities in the Bank's portfolio at the balance sheet date are subject to review for impairment. For debt securities that are accounted for in the Bank's trading portfolio, permanent listing exists on stock exchanges, therefore, only such securities are remeasured. The amount of impairment losses on shares and other securities with floating profit that are accounted for at cost is determined as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset, and is recognized as expenses of the reporting period.

Return on debt securities is recognized at least once a month. Discount (premium) is amortized when the interest is accrued and the results are recorded on the same accounts as interest expense.

The transaction costs related to the acquisition of debt securities for the Bank's trading portfolio are carried on accounts of discount (premium) at initial recognition of such securities.

The results from sales of available-for-sale securities in the Bank's portfolio are recognized in other operating income of the Bank.

As of the end of 31 December 2012, there are no available-for-sale securities in the Bank's portfolio.

Reverse repurchase agreements

Securities sold under the reverse repurchase agreements (Repo) are accounted for as secured financial transactions, such securities are included in the Balance Sheet and the liabilities of counterparties are included in the amounts to be paid under the Repo transactions.

Securities purchased under the repurchase agreements (Repo) are accounted for as receivables for repurchase transactions. The difference between the purchase price and repurchase price is interest income and is recognized in the Income Statement during the Repo period. Receivables to be repaid under the repurchase agreements are recognized net of provisions for impairment losses. If the assets purchased under a repurchase agreement are sold to the third parties, the liabilities on return of securities are accounted for as trade accounts payable and measured at fair value

As of the end of 31 December 2012, the Bank has no securities, which are the subject of Repo transactions.

Note 4. Principles of accounting policies (continued)

Investment property

Investment property is the property (land or a building—or part of a building—or both) that is owned by the Bank or is managed under the financial leasing (finance lease) agreement to earn rentals, revenues from capital appreciation or both.

The criteria of allocating an asset to the item of investment property are the following:

- it is probable that the future economic benefits that are associated with the investment property will be obtained (the item is held only to earn rentals on the property item or for capital appreciation or both);
- the cost of the investment property can be measured reliably.

Investment property includes:

- land held for long-term capital appreciation rather than for short-term sale in the ordinary course of business;
- land held for a currently undetermined future use, including land parcels and buildings for which the Bank acquired the title by selling the pledge holder rights, according to which the intention of subsequent use is not clearly stated;
- a building owned by the Bank or held by the Bank under a finance lease and leased out under one or more operating leases;
- a building that is vacant, but is held to be leased out under one or more operating leases.

If the Bank by selling the pledge holder rights acquires the title for land parcels and buildings, according to which the intention of subsequent use is not clearly stated, such assets are also classified as investment property.

The decision on classification of the property as investment or operating property (including transfer from the owner-occupied property to investment property and vice versa, while in service) is made by the Board of the Bank and is documented by the relevant Minutes.

At initial recognition, the Bank measures investment property and accounts for it at cost, which includes the price of purchase of such property and all costs that are directly attributable to the purchase.

An item of investment property is subsequently measured at cost including accumulated depreciation and impairment losses.

The items of investment property are impaired, if their carrying amount exceeds the estimated recoverable amount by more than 10%. Tests for impairment are carried once a year during the annual inventory taking.

The transfer of an item of investment property to the owner-occupied property category and vice versa does not affect its carrying amount.

The financial result from disposal (retirement) of an item of investment property is calculated as the difference between the proceeds from disposal (retirement) and its the carrying amount and is recognized in the reporting period in which disposal (retirement) occurs.

In 2012 the items of investment property were acquired at original cost for the total amount of UAH 32,830 thou by selling of the pledge holder rights by the Bank.

Note 4. Principles of accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are tangible items, which cost more than UAH 2,500 and are held by the Bank for use in its activities, supply of services, for rental to others, or for administrative purposes, which expected useful life is more than one year. The assets, which cost is less than UAH 2,500 per unit and which useful life is more than 1 year, are allocated by the Bank to tangible non-current assets of low unit value. Tangible non-current assets of low unit value are depreciated at the rate of 100% of their value in the first month of using an item.

Acquired (produced) items of property, plant and equipment are measured and recognized by the Bank at the original cost that includes any costs attributable to purchase (production), deliver, install and put into operation.

Buildings and constructions are subsequently accounted for at a revalued amount (fair value) less any accumulated depreciation and any accumulated impairment losses. Revaluation of property, plant and equipment is made, if their residual value does not differ significantly (more than 10%) from their fair value at the balance sheet date or at annual inventory taking. If an item of property, plant and equipment is revalued, all items in the group of property, plant and equipment to which this item belongs are revalued at the same date.

Property, plant and equipment by all other groups are carried at original cost (cost) less any accumulated depreciation and any accumulated impairment losses.

Original cost of property, plant and equipment is increased by the amount of costs of reconstruction, enhancement, reconstruction, and modernization, and is changed as a result of revaluation. Property, plant and equipment, which are in not capable of operating, should be written off.

The costs to purchase or produce property, plant and equipment are accounted for on capital investment accounts.

Property, plant and equipment is depreciated monthly over its useful life using a straight-line method, under which the annual amount of depreciation is determined by allocating the depreciable amount to the expected useful life of an item of property, plant and equipment and intangible assets.

Expected useful lives of items of property, plant and equipment are established and are approved by the decision of the Board of the Bank.

Useful lives of items of property, plant and equipment are:

- buildings and constructions – 25 years;
- motor vehicles – 5 years;
- machinery and equipment – 3-5 years;
- furniture, supplies – 2-4 years.

In 2012, the expected useful lives and depreciation rates for property, plant and equipment were revised and were not changed due to revision, the value of items of property, plant and equipment was not revalued.

The Bank recognizes an impairment of non-current assets, if there is an evidence of a possible loss of economic benefits, on particular:

- during the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, both in external (the technological, market, economic or legal environment) and internal factors (decommission, restructuring, disposal of an asset earlier the expected date, etc.);
- obsolescence or physical damage of items;
- the economic performance of an asset is, or will be, worse than expected.

The non-current assets are impaired, if their carrying amount exceeds the estimated recoverable amount more than by 10%. An impairment test is performed once a year during the annual inventory taking.

As of the end of 31.12.2012, the Bank did not entered into agreements to purchase property, plant and equipment in the future.

The Bank's assets have not been pledged as collateral to secure the liabilities.

Note 4. Principles of accounting policies (continued)

Intangible assets

Intangible assets are the identifiable assets without physical substance and held by PJSC CB GLOBUS for use in the operations more than one year for the administrative purposes.

Purchased (internally generated) intangible assets are measured and recognized by the Bank at original cost, which comprises actual costs to acquire (generate internally) and prepare the assets for its intended use.

An intangible asset is subsequently accounted for at original cost (cost) less any accumulated depreciation and any accumulated impairment losses.

Amortization of intangible assets is performed monthly using the straight-line method during the useful life of at least 4 years, as determined by the Bank's Accounting policy.

The useful lives of items of intangible assets are revised annually by the Commission for start-up and write-off of property, plant and equipment by groups of property, plant and equipment and changes in their lives are approved by the decision of the Board of the Bank.

The Bank recognizes impairment of non-current assets, if there is an evidence of a possible loss of economic benefits, in particular:

- during the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, both in external (the technological, market, economic or legal environment) and internal factors (decommission, restructuring, disposal of an asset earlier the expected date, etc.);
- obsolescence or physical damage of items;
- the economic performance of an asset is, or will be, worse than expected.

The non-current assets are impaired, if their carrying amount exceeds the estimated recoverable amount more than by 10%. An impairment test is performed once a year during the annual inventory taking.

In 2012, the intangible assets were not revalued and their useful lives were not changed.

As of 31.12.2012, the Bank did not entered into agreements to purchase intangible assets in the future.

As of the end of 31 December 2012, the following is recorded in the Balance Sheet of PJSC CB GLOBUS:

- the rights to use software, which original cost is UAH 2 638 thou;
- internally generated intangible assets:
- Internet site which, original cost is UAH 9 thou;
- the right for trademarks and services, which original cost is UAH 5 thou with accumulated amortization of UAH 1,287 thou. For 2012, amortization of intangible assets was UAH 529 thou.

Assets of the Bank were not pledge as collateral to secure liabilities.

Operational leasing (lease), in which the Bank acts as lessor and/or lessee

Operational leasing (lease) is a business transaction of an individual or legal entity (lessor), which provides for transfer of fixed assets or land to use by other individuals or legal entities (lessees) for lease payment and for a specified period. The assets under operational leasing (lease) are recognized in the balance sheet of the lessor.

Depreciation on leased assets under the operational leasing (lease) to locate offices of the Bank is charged by the lessor. The costs of improving the leased premises are depreciated over the lease term. Lease payments under the operational leasing arrangements are allocated to other operating expenses.

In leasing out, the items held under operational leasing are non-current assets that are owned by the Bank as lessor or assets acquired by the Bank, on behalf of, and in coordination with the lessee, at the respective seller of property. The Bank as lessor accrues the lease payments that are included in other operating expenses.

As at the end of 31 December 2012, the Bank leased under the operational leasing (lease) a part of the building which cost is UAH 29,271 thou.

The Bank neither transferred, nor received property, plant and equipment under finance lease.

Note 4. Principles of accounting policies (continued)

Derivative financial instruments

A derivative financial instrument (derivative) is a financial instrument with all three of the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or similar variable;
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- it is settled at a future date.

For the accounting purposes, the derivative financial instruments are classified as derivative financial instruments in the Bank's trading portfolio and derivative financial instruments designated for hedge accounting.

During 2012, PJSC CB GLOBUS did not make transactions in the derivative financial instruments designated for hedge accounting.

The derivative financial instruments include currency swaps, forward contracts and any combinations of these instruments. All derivative financial instruments are measured initially and are accounted for at fair value.

The transaction costs are recognized as expenses on their initial recognition. The transaction costs do not include discount or premium on forward contracts.

The demands and liabilities on derivative financial instruments at the transaction date are carried on off-balance sheet accounts at the rate (price), fixed in a contract, the demands equal the liabilities. Fair value of the derivative financial instruments, other than options, is zero at the transaction date.

At each balance sheet date following the date of initial recognition, the derivative financial instruments are measured at fair value without any transaction costs. Remeasurement of the derivative financial instruments to their fair values is carried in the balance sheet accounts with their recognition as assets or liabilities depending on the results of such remeasurement.

All derivatives are recognized as assets, if their fair value is positive and as liabilities, if their fair value is negative. The changes in a fair value of derivatives are recognized immediately in the income statement. The derivatives can be embedded in other contract (“host contract”). An embedded derivative is separated from the host contract and is accounted for separately as a derivative, if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, if a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and if the combined instrument is not measured at fair value with changes in fair value recognized in the income statement. The derivatives that are embedded in financial assets or financial liabilities at fair value through profit or loss are not separated.

The financial assets and liabilities are offset and the net amount is recognized in the balance sheet, when the enforceable right exists to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

As at the end of 31 December 2012, PJSC CB GLOBUS entered into:

- 53 foreign currency purchase and sale agreements under forward contract, according to which the Bank is obliged to purchase UAH 282,602 thou, Euro 2,600 thou, USD 68,051 thou and sell UAH 576,450 thou, Euro 1,000 thou, USD 33,630 thou;
- 7 foreign currency purchase and sale agreements under swap, according to which the Bank is obliged to purchase USD 11,990 thou, UAH 70,749 thou and sell USD 5,830 thou, Euro 2,250 thou, and UAH 12,046 thousand

Note 4. Principles of accounting policies (continued)

Borrowings

Raised clients' money includes non-derivative financial liabilities to the individuals, government or corporate customers, in particular: loans/deposits attracted from other banks; term and demand funds attracted from the customers, including individuals and legal entities; debt securities of own issue.

The financial instruments (loans made, deposits attracted, own debt securities) are initially recognized at fair value, which usually equals the actual price of the transaction.

They are subsequently accounted for at amortized cost.

Interest expense includes costs, paid by the Bank for use of cash and cash equivalents or amounts raised by the Bank, which amount is calculated on a time proportion basis, using the effective interest rate.

Commissions of the Bank are treated as discount/interest expense, if such commissions are related to the creation of a financial instrument. Commissions received by the Bank when services are rendered or after a certain transaction is completed are recognized as commission expense.

During the reporting year the Bank did not issue own debt securities. The bonds issued by Bank and placed in a secondary market were redeemed in full as of the end of 31 December 2012. Interest expense was UAH 13 thou at the time of placement.

Provisions for liabilities

The Bank undertakes obligations related to lending, including loan commitments, letters of credit, financial guarantees and avalization of promissory notes. The financial guarantees are irrevocable liabilities to make payments to the third parties, if the customer fails to fulfill the obligations; guarantees are exposed to same credit risk as the loans.

The financial guarantees and loan commitments are initially carried at fair value, which is usually confirmed by the amount of commission received. This amount is amortized using a straight-line method over the term of liabilities, other than the loan commitments, if it is probable that the Bank enters into a specific loan agreement and does not expect to sell a respective loan in the short run after the loan has been granted. Such commission for granting a loan is allocated to the future periods and included in the carrying amount of a loan at initial recognition.

Provisions for liabilities are established when the Bank has a present legal obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation. Loan commitments are measured at the amount of expenses required to settle the obligation as of the end of the reporting period.

Income tax

In 2012, the current income tax was paid by the Bank at the rate of 25 % in quarter 1 of 2011 and at the rate of 23% over the period from quarter 2 to quarter 4 of 2011 and amounted to UAH 431 thou; in 2012, at a current rate of 21%, comprising UAH 482 thou for the year. At that, a taxable profit was calculated in accordance with the current tax laws of Ukraine and was not equal to the financial result of the Bank for the respective period. The difference is caused by a different treatment in determining the amount of income and expense in the tax and financial accounting that gives rise to the permanent and temporary differences arisen between the accounting profit and tax profit due to unlike measurement and recognition criteria for income, expense, assets, liabilities in the financial accounting and tax laws.

Income tax expense is the amount of current income tax expense and deferred income tax. Current income tax expense depends on the taxable profit for the year. Taxable profit differs from the net profit, presented in the statement of financial results, because it includes the items of income or expense that are taxable and attributable to the gross expenses in other periods and includes the items, which are not taxable or not attributable to gross expense. Deferred tax is calculated using the balance sheet liability method.

The amounts of deferred income tax are accounted for with consideration of the impact, on the financial result of the Bank for the reporting year, of the amounts of differences between tax accounting estimates of assets and liabilities of the Bank in terms of deferred tax assets and deferred tax liabilities.

Permanent difference is a recognized tax differences that arises in the reporting period and is not eliminated in the subsequent reporting periods. Permanent tax differences include: difference between the amount of expense, which is reflected in the financial accounting and included in the computation of accounting profit, and the amount of expense attributable to gross expenses under the provisions of tax laws to determine a tax base (tax profit (loss)); the amounts of income and expense that are not included in gross income and expense, but are considered in determining the accounting profit; the amounts of gross income and gross expenses that are not included in income and expense in determining accounting profit.

Note 4. Principles of accounting policies (continued)

The permanent differences include:

- revenue from the sale of the items of property, plant and equipment in the financial accounting;
- dividends accrued (received);
- revenue from the transactions in securities, fund-linked and commodities derivatives;
- charity for budget-funded and non-profit organizations (including the rules of applicable tax laws);
- goods, works, services provided free of charge;
- penalties, fines and forfeits recognized (paid);
- payment of contributions out of the Bank/s funds to the Non-state Pension Fund;
- Providing vacation pays and tax charges;
- costs of per diems in excess of business trip rates;
- depreciation of non-productive property, plant and equipment;
- other costs not attributable to gross expenses.

Temporary tax differences arise in the reporting period and are eliminated in subsequent reporting periods. Temporary tax differences that are used to form gross income and gross expense include the differences arisen from: inconsistency in estimates of current and non-current assets; deferred income; inconsistency in estimates of long-term and current liabilities, provisions; inconsistency in recognition criteria and income estimate, in particular, on the transactions in securities; revenues from the non-current tangible assets, obtained free of charge, etc.; inconsistency in the criteria and estimates of expenses, in particular, to purchase goods (works, services); in using different methods of charging depreciation to property, plant and equipment and intangible assets, etc.

During 2012, the Bank did not discontinue any operations specified by the licenses and the permit to conduct certain transactions that were issued by the National Bank of Ukraine, therefore, the amount of tax expense (tax income) related to profit (loss) from such operations in the reporting year was not determined.

Share capital and share premium

Share capital of the Bank comprises the amount of nominal value of all shares placed. Ordinary shares that provide their owners the right for discretion dividends are recorded in the equity. The costs directly attributable to the issue of new shares are presented in the equity as a reduction in the amount of proceeds net of taxes. The excess of the fair value of amounts contributed into the equity over the nominal value of shares issued is accounted for in the equity as share premium.

During the reporting year, the Bank did not issue and redeemed the shares. Share capital of the Bank is paid completely.

Recognition of income and expense

Income and expense are recognized in accordance with the underlying principles of International Financial Reporting Standards and Ukrainian Accounting Standards, namely: accrual basis, matching costs with revenues, prudence.

Income and expense are recognized by the Bank under the following conditions:

- recognition of real debt on the Bank's assets and liabilities;
- financial result of a transaction related to rendering (obtaining) the services can be estimated reliably.

The Bank applies the accrual basis, under which total income and expense of the reporting period are recorded in the same period. Items of revenues and expenditures are recognized and measured at the point in time when an asset is sold or to the extent that the services are rendered, irrespective of when they were received or cash was paid. The costs that are not directly attributable to the revenue of a certain period are included in the expenses of the reporting period when they occur.

Note 4. Principles of accounting policies (continued)

Interest income and expense are recognized in the reporting period, to which they relate, and are computed under the accrual basis using the effective interest method.

Effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument to the net carrying amount (amortized cost) of the financial instrument.

When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument, including all fees and points paid or received by the parties to the contract that are an integral part of income (expense) on the financial instrument.

When it is not possible to estimate reliably the cash flows or the expected life of a financial instrument, the contractual cash flows over the full contractual term are used.

Fees and commissions on the services provided (received) services depending on the purpose of their measurement and basis of accounting for the related financial instrument are divided into:

- fees and commissions, which are an integral part of income (expense) on financial instrument;
- fees and commissions, which are received (paid) when services are provided;
- fees and commissions, which are received (paid) after certain actions are performed, are recognized as income (expense) after the completion of certain transaction.

Given the impossibility of determining the exact amount of income (expense) on some banking transactions in the last days of the month (for example, for settlement service, collection services), such income (expense) is accounted for in the month following the reporting month.

According to principles of accrual basis and matching costs with revenues, the accrual basis is applied to all interest income and expenses, almost to all types of commission income and expense, expenses on settlements on lease payment, that is, to the financial results which amount can be reliably determined under the contractual terms.

Cash method of accounting for income and expense is applied to the revenues, which probability be obtained is insignificant (for example, penalties, fines and other financial forfeits that arise when the Bank customers fail to meet the contractual terms) or to fee and commission income and expense on non-recurring services (for example, enhancing the operating cash department with cash, receiving cash payments from the public), if revenues are received when services are rendered.

To calculate interest and fees and commissions assumed to be equivalent to interest, including when the effective interest rate is calculated, the Bank uses the following methods of determining the number of days:

- actual/actual basis is used for the national currency;
- for calculating interest income and expense in foreign currency "actual/360" method is used, except the term deposits of the individuals, to which the actual/actual basis is applied;
- when funds are placed under the interbank agreements, a method of the counterparty bank is accepted.

Other income and expense (other non-banking operating income and expense) are accounted by analogy to the commission income and expense in compliance with the matching principle as for the periods, to which paid income or expense relate. Thus, in particular, if the expenses are paid, which are attributed to one or more future periods (for example, expenses for subscriptions, insurance, membership fees, expenses for future months vacations, etc.), they are recorded in accounts of deferred expenses with subsequent monthly allocation on a straight-line basis to expense accounts.

At completion of 31st calendar day from the date specified in the agreement (contract), or from the accrual date, if the date is not specified and the debt is not paid, the respective amount is transferred to a separate control account of more than 31 day of delay parameter.

If past-due accrued income is not settled during 60 calendar days from the date of transfer to the accounts of past-due debt, the Bank establishes special provisions in the debt currency out of expenses in compliance with the regulations of the National Bank of Ukraine.

Note 4. Principles of accounting policies (continued)

Foreign currency restatement

Foreign currency transactions and transactions in precious metals are recorded in the reporting currency at initial recognition by restating the amount in foreign currency using the official exchange rate of the Hryvnya to foreign currencies at the transaction date (the date of recognition of assets, liabilities, equity, income and expense).

At each balance sheet date following the recognition date:

- (a) all monetary items in foreign currency and items of the precious metals are recorded at the official exchange rate of the Hryvnya to foreign currencies and precious metals at the balance sheet date;
- (b) non-monetary items in foreign currency and precious metals that are carried at cost are accounted for at the official exchange rate of the Hryvnya to foreign currencies and precious metals at the recognition date (transaction date);
- b) non-monetary items in foreign currency and precious metals at fair value are accounted for at the official exchange rate of the Hryvnya to foreign currencies and precious metals at the date of fair value measurement.

Assets and liabilities in foreign currency and precious metals are recorded in the financial statements in UAH equivalent at the official exchange rate at the date of the financial statements or at the recognition date.

Functional currency of the Bank is Hryvnya (UAH). Foreign currency transactions are initially recorded in the functional currency at the exchange rate that is effective at the transaction date. Monetary assets and liabilities denominated in foreign currency are restated to the functional currency at the exchange rate that is effective at the reporting date. Non-monetary items that are measured at historical cost in foreign currency are restated at the exchange rates effective at the date of initial transactions. Non-monetary items that are measured at fair value are restated at the exchange rate that is effective at the date of fair value measurement.

The differences between the contractual exchange rate on a certain foreign currency transaction and the official exchange rate of the National Bank of Ukraine at the date of such transaction is also included in the result of trading foreign currency transactions.

In the financial statements, the Bank's income and expense in foreign currency and precious metals on the instruments in foreign currency and precious metals are recorded at the official exchange rate of the Hryvnya to foreign currencies and precious metals, set by the National Bank of Ukraine that was effective at the date, when such income and expense arise in accordance with the accrual basis and matching costs with revenues stated above.

In the financial statements, the monetary assets and liabilities of the Bank are recorded at the official exchange rate of the Hryvnya to foreign currency and precious metals, set by the National Bank of Ukraine as of 31 December 2012, in particular:

- USD 100 – 799,30;
- Euro 100 – 1,053.7172;
- RUB 10 – 2.6316;
- GBP 100 – 1289.8185;
- CHF 100 – 872.2824;
- Oz t. 1 – 13,258.3890.

Restatement of all foreign currency balance sheet accounts is made at change of the official opening rate of exchange of the National Bank of Ukraine, except non-monetary items. All gains received and losses that are included as the restatement result in the net income from foreign currency transactions.

To minimize the risk of losses arisen from the changes in the foreign currency exchange rate, the Bank's management takes the following actions: daily monitoring of observing the limit of long open currency position, sound policy of conversion transactions in respect of the volumes and exchange rates, balanced structure of funds raised/allocated in foreign currency by types of foreign currencies and allocation periods, etc.

Offsetting asset and liability items

Offsetting financial assets and liabilities with subsequent including in the Statement of Financial Position only of their net amount can be made only when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the reporting year 2012, the Bank did not offset the asset and liability items in the Balance Sheet.

Note 4. Principles of accounting policies (continued)

Information by operating segments

Segment is a distinguishable component of the Bank’s business activities that engages in providing services or products (business segment) or in providing services or products within a particular economic environment (geographical segment) that is subject to risks and rewards that are different from those characteristic of other segments. The segments whose profit is mostly generated from sale of services to external customers and whose revenues, results or assets comprise ten percent or more of all segments, prepare the financial statements separately. The main format of the Bank for disclosing segment information is business segment.

Business segments:

The Bank is organized on the basis of two main business segments:

- retail banking presented by current accounts of individual customers, their savings, loans.
- corporate banking is presented by direct lending, opening of current accounts, deposits, loans and other loan products, foreign currency transactions and derivative products, as well as making transactions with small and medium enterprises.

In addition, segment “Investing, banking activity” was separated. Segment assets and liabilities include operating assets and liabilities that are mostly presented in the balance sheet, except such items as investment property. The amounts of general administrative expenses and other expenses arisen at the level of the Bank and attributable to the Bank as a whole, the transactions with the financial institutions; transactions in securities in the Bank’s portfolios are also allocated to this item.

Measurement of segment profit, segment expenses, segment assets and segment liabilities includes the amounts on the items that are directly attributable to a segment, and the amounts that can be allocated to a segment on a reasonable basis.

Segment profit is profit recognized in the income statement, which is directly attributable to a segment and is a respective part of revenues that can be allocated to a particular segment on a reasonable basis, regardless of whether it is received from the sale to the external buyers or from transactions with other segments. Other segment income includes the revenues from operational leasing.

Segment expenses are expenses arisen from the segment operating activities that are directly attributable to a segment and a respective part of expenses that can be allocated to a segment on a reasonable basis, including expenses associated with the sales to the external buyers and expense associated with transactions with other segments.

Segment result is segment income less expenses. Internal revenues and reconciliation of the allocation were presented in the indicators of each segment.

The customers of corporate banking segment and retail banking segment pay a fee to the Bank in the form of interest for the loans received and in the form of commissions for the services rendered. Corporate banking segment and retail banking segment are characterized by different levels of risks, have different needs in the banking services and products. Therefore, for each segment the Bank developed the banking products oriented to meet the needs of segment customers with their specific tariffs and interest rates that depend on the levels of risks and expenses of the Bank for provision of such services.

Basic interest rates on loans are approved by the Asset and Liability Management Committee (ALMC) with consideration of resources cost. The Lending Committee approves interest rates on each type of loans at the level not less than the basic one set by the ALMC.

Interest rates on deposits are set by the Asset and Liability Management Committee at the level that is competitive in comparison with other banks and provides profitability of banking transactions.

The Tariff Committee of the Bank approves tariffs for the Bank’s services. The Tariff Committee when approving the tariffs for services of the Bank considers the value of services provided to the customers by the Bank.

Given the nature of the organizational structure in the preparation of the reporting by segments, the Bank did not use the transfer pricing during 2012.

All transactions of the Bank are concentrated in Ukraine; therefore, the reporting by geographical segments is not presented.

Note 4. Principles of accounting policies (continued)

The effects of changes in the accounting policies and correction of significant errors

In preparing the financial statements for the year ended 31 December 2012 the Bank considered changes in the Accounting Policies of the Bank that resulted in the reclassification of the comparative data as of 31 December 2011. The effects of the above reclassification are as follows:

	Before reclassification	Reclassified	After reclassification
ASSETS			
Cash and cash equivalents	140 517	11 668	152 185
Funds of the obligatory reserves with the National Bank of Ukraine	-	5 233	5 233
Funds with other banks	961 658	(16 901)	944 757
Loans and receivables of clients	384 546	(22)	384 524
Other financial assets	71 634	22	71 656
Total	1 558 355	-	1 558 355

Significant accounting estimates and judgments, used in applying the principles of accounting policies

The Bank uses estimates and assumptions affecting the amounts that are recognized in the financial statements and the carrying amount of assets and liabilities over the next financial year. Computations and judgments are constantly evaluated and are based on previous experience of the management and other factors, including expectations for the future events that are deemed reasonable under the circumstances. In addition to the judgments that provide for the accounting estimates, the Bank’s management exercises also professional judgments in using the Accounting Policies. Professional judgments that influence most significantly the amounts recorded in the financial statements and the estimates, which can result in significant adjustments of the carrying amount of assets and liabilities over the next financial year, include:

Losses from impairment of loans and advances. Past-due debt on all loans to corporate, bank and retail customers is analysed monthly to determine the amount of impairment losses that are recognized through establishing impairment provisions. The amount of impairment loss is measured on the basis of the present value of probable net amount of the debt paid on a loan, including the amount received from the sale of collateral. In addition, each category of loans is collectively assessed for impairment with consideration of losses incurred in the past. This assessment considers the results of modelling the losses to maturity of the portfolios of loans that are past-due, but were not assessed individually as impaired.

Recognition of deferred income tax liability. Deferred tax liability recognized in the *Statement of Financial Results* is the amount to be paid in the future out of taxable profit. Deferred income tax assets are recognized to the extent that it is probable to utilize the relevant tax credit in accordance with the laws that are effective as of the end of the reporting period.

In the financial statements, the Bank also used such measurement methods as historical (original) cost, market value, fair value, carrying amount.

Original cost provides for accounting for assets of the Bank at the amount of actual costs to purchase them at their purchase date, and the liabilities at the amount of funds raised in exchange for liabilities (deposits). The Bank carries at original cost the fixed and intangible assets and financial instruments (receivables, securities, contributions (investments) in the associates and subsidiaries).

Note 4. Principles of accounting policies (continued)

Market value is the amount that can be received from the sale of an asset in an active market. When assets and liabilities are carried at market value, the assets are recognized at the amount of cash that would be required to pay currently for purchase of similar assets. In accounting for the liabilities, they are recognized at the amount of cash that would be required to make a settlement currently. The value of assets is made compliant with the market value using the revaluation.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The Bank measures at fair value assets received free of charge and assets received in result of exchange for a dissimilar item.

Carrying amount is the amount at which an asset is recognized in the balance sheet after deducting any accumulated depreciation (amortization) and accumulated impairment losses thereon.

Note 5. Transition to new and revised standards

The Bank transmitted to IFRS from 01.01.2011. Presentation of information is made in accordance with IAS 1 “Presentation of Financial Statements”. Transition to IFRS had no impact on the Accounting Policies of the Bank.

In accordance with IFRS 7 “Financial Instruments: Disclosure” the information was disclosed about the financial assets, financial liabilities, income and expense, as well the risks related to the financial instruments, in particular:

- presentation of information by categories of financial instruments allocating them to classes;
- disclosure of additional information about the movement in provisions for impairment of assets by classes of financial instruments;
- providing additional information about the fair value of each class of financial instruments;
- determining the fair value of provisions that reduces credit risk of the Bank;
- sensitivity analysis of the market risk;
- description of the policies and procedures for capital management.

The Bank aggregates the financial assets and financial liabilities by classes depending on the nature of information to be disclosed in the financial statements and characteristics of a financial instrument.

Methods of estimates and assumptions that had an impact on recognizing the amounts of assets and liabilities, disclosure of assets and liabilities at the date of the financial statements, as well as the amount of income and expense during the reporting period were analyzed based on the experience of the Bank's specialists.

Professional judgments of the Bank's specialist were expressed based on objective interpretation of the information available.

During 2012, the Bank accounted for the financial instruments using the effective interest rate and applying assumptions specified by the regulations of the National Bank of Ukraine.

In accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, the Bank sets provisions for vacations of the Bank's employees.

In producing the financial statements, the Bank complied with requirement of IFRS 8 “Operating Segments”.

Management of the Bank carried out the analysis of the impact of introducing new standards on its financial position and performance for the financial years 2012 and 2011.

Note 5. Transition to new and revised standards (continued)

Some new standards and interpretations have been published that will be effective for use by the Bank in the annual periods beginning on 1 January 2012 and later. The Bank did not apply these standards and interpretations earlier than their effective date.

IFRS 9 “Financial instruments Phase 1 – Classification and Measurement”. IFRS 9 issued in November 2009 will eventually replace the sections of IAS 39 that are related to classification and measurement of financial assets. In October 2010, additional amendments were made to IFRS 9 to explain classification and measurement of financial liabilities, and in December 2011 - (i) to change the date when it is effective for the annual periods beginning on or after 1 January 2015, and (ii) additional requirements to disclosure of information during the transition period. The main features of the Standard are described below:

- Financial assets should be attributed to two measurement categories: financial assets that are subsequently measured at fair value and financial assets that are subsequently measured at amortized cost. The respective decision is made on initial recognition of the financial instruments. Classification depends on a business model of the entity, which the entity uses to manage its financial instruments and on specific features of the contractual cash flows on the instrument.
- The instrument is subsequently measured at amortized cost, only if it is a debt instrument and if: (i) business model of the entity is oriented to holding this particular asset to receive contractual cash flows and (ii) contractual cash flows on this asset are only principal and interest payments (i.e., financial instrument has “basic loan features”). All other debt instruments should be measured at fair value, the changes in which are allocated to the financial result.
- All equity instruments should be measured subsequently at fair value. Equity instruments held for trading will be measured and recognized at fair value, the changes in which are allocated to the financial result. On initial recognition of all other investments in equity instruments, the entities can make final choice to recognize unrealized and realized gains or losses from the changes in fair value in other comprehensive income and not in profits or losses. Allocation of gains or losses from the changes in fair value to the financial result is discontinued. Such choice can be made for each individual category of instruments. Dividends are recognized in profit or loss, if they represent return on invested capital.
- Most requirements in IAS 39 regarding classification and measurement of financial liabilities were transferred to IFRS 9 without changes. The principal difference is the requirement to an entity to disclose the effects of changes in own credit risk of financial liabilities designated to a category that is recognized at fair value changes in which are allocated to the financial result in other comprehensive income.

IFRS 10 “Consolidated Financial Statements” (issued in May 2011; is applied to the annual periods beginning on or after 1 January 2013). IFRS 10 supersedes all explanations concerning control and consolidation stated in IAS 27 “Consolidated and Separate Financial Statements” and SIC-12 Interpretation “Consolidation—Special Purpose Entities”. IFRS 10 changes the definition of control – the same criteria are applied to all entities.

IFRS 12 “Disclosure of Interests in Other Entities” (issued in May 2011; is applied to the annual periods beginning on or after 1 January 2013). IFRS 12 is applied to the entities that have an interest in the subsidiaries, joint ventures, associates or unconsolidated structured entities. The Standard supersedes disclosure requirements, containing in IAS 28 “Investments in Associates”. IFRS 12 requires an entity to disclose information that enables the users of the financial statements to evaluate: the nature of risks and the financial effects associated with an interest of the entity in equity of subsidiaries, associates, unconsolidated structured entities and joint ventures. To meet the new requirements, the entities must disclose the following information: significant judgments and assumptions they have made in determining that they have control, joint control or significant influence over the entity’s interest in the equity of other entities, additional information about the interest of non-controlling participants in the operations and cash flows of the Bank, summary financial information of subsidiaries with a significant interest of non-controlling participants and detailed information on interest in the equity of unconsolidated structured entities. Currently, the Bank’s management assesses the impact of this new Standard on its consolidated financial statements.

IFRS 13 “Fair Value Measurement” (issued in May 2011; is applied to the annual periods beginning on or after 1 January 2013). The objective of IFRS 13 is to remove the existing inconsistencies and complexity of provision wordings due to clarify the definition of fair value and use of single source of information for fair value measurements and common requirements for disclosing information, that are applied to all IFRSs. Currently, the Bank’s management assesses the impact of this new Standard on its financial statements.

Note 5. Transition to new and revised standards (continued)

IAS 27 «Separate Financial Statements» (revised in May 2011; is applied to the annual periods beginning on or after 1 January 2013). IAS 27 was amended, and now its objective is to set requirements for accounting and disclosing information about the investments in subsidiaries, joint venture and associates when an entity prepares the separate financial statements. IFRS 10 “Consolidated Financial Statements” superseded provisions concerning control and consolidated financial statements. This revised Standard will have no significant impact on the Bank’s financial statements .

IAS 28 “Investments in Associated and Joint Ventures” (revised in May 2011; is applied to the annual periods beginning on or after 1 January 2013). This amendment of IAS 28 results from the Exposure Draft of the IASC Board on accounting for joint activities. In the course of discussions of this Draft, the IAS Board decided to introduce in IAS 28 the accounting for the activities of joint ventures using the equity method in IAS 28, as these method is applied both to joint ventures and to associates. Provisions concerning other matters except the described above remained unchanged. Currently, the Bank’s management assesses the impact of this amended Standard on its financial statements.

Disclosures - Transfer of Financial Assets - Amendments to IFRS 7 (issued in October 2010; are applied to the annual periods beginning on or after 1 July 2011). This Amendment requires additional disclosure of risks, related to the financial assets transferred and information on the nature and carrying amount of each class of financial assets, and includes description of risks and rewards associated with the financial assets that were transferred to other party, but remained in the balance sheet of the entity. Such disclosure is required to enable the users of the financial statements to determine the amount of financial liabilities related to such assets and to understand the interrelation between the financial assets and related financial liabilities. If a financial asset was derecognized, but the entity is still exposed to certain risks and may obtain certain rewards related to the asset transferred, additional disclosure is required to enable the user to understand the extent of such risks. Currently, the Bank’s management assesses the impact of this amended Standard on disclosures in its financial statements

Amendments to IAS 1 “Presentation of the Financial Statements” (issued in June 2011; are applied to the annual periods beginning on or after 1 July 2012) introduce the changes in disclosure of the items presented in other comprehensive income. These Amendments require the entities to allocate the items included in other comprehensive income to two groups in accordance with recycling principle of possible reclassification to the profit or loss section. The name of Statement of Comprehensive Income used in IAS 1 was changed to “Income and Other Comprehensive Income Statement”. The Bank’s management expects that the amended Standard will change the format of the presentation of its financial statements, however, will have no impact on measurement of transactions and transaction balances.

Amended IAS 19 “Employee Benefits” (issued in June 2011; is applied to the annual periods beginning on or after 1 January 2013) introduces significant changes in the treatment to recognition and measurement of expenses on defined benefit pension plans and termination benefits, and the disclosure of information on all employee benefits. The Standard requires to recognize all changes in net liabilities (assets) on a defined benefit pension plan when they arise as follows: (I) cost of services and net interest income are recorded in profit or loss; (II) revaluation is recorded in other comprehensive income. Currently, the Bank’s management assesses the impact of this amended Standard on its financial statements.

Disclosures – Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7 (issued in December 2011; are applied to the annual periods beginning on or after 1 January 2013). This Amendment requires to disclose information to enable the users of the financial statements of an entity to evaluate the influence or potential influence of net settlement arrangements, including the right to offset. This amendment will have impact on disclosures, but will have no impact on measurement and recognition of financial instruments.

Offsetting financial assets and financial liabilities - Amendments to IAS 32 (issued in December 2011; are applied to the annual periods beginning on or after 1 January 2014). This Amendment introduces provisions on applying IAS 32 to remove inconsistencies in current practice when applying some offsetting criteria. The Amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’ and that some gross settlement systems may be considered equivalent to net settlement. The Bank This Bank analyzes the implications of implementing this Amendment, its impact on the Bank and terms of its implementation in the Bank.

Note 5. Transition to new and revised standards (continued)

Improvements to International Financial Reporting Standards (IFRS) (issued in May 2012 and are applied to the annual periods beginning on or after 1 January 2013). These Improvements are Amendments of the following five standards: Amendments to IFRS 1 (I) clarify that an entity that renews the preparation of its financial statements under IFRS can reapply IFRS 1 or all IFRS retrospectively, as if it had never stopped to apply them and (II) include an additional exemption from retrospective application of IAS 23 “Borrowing Costs” for the entities that are first-time adopters of IFRS. Amendments to IAS 1 clarify the lack of need for explanatory notes to the third balance sheet presented at the beginning of the prior period because the entity was significantly influenced resulting from the retrospective transformation, the changes in the accounting policies or reclassification for the presentation purposes. Explanatory notes are required, if the entity voluntarily decides to present additional comparative statements. Amendments to IAS 16 clarify that service equipment used during several periods is allocated to category of property, plant and equipment, but not to inventories. Amendments to IAS 32 clarify that some tax implications and distributions to the owners should be accounted for in the statement of financial results, as it was always required in accordance with IAS 12. Amendments to IAS 34 make its requirements consistent with IFRS 8. IAS 34 will require disclosure of the measurement criteria for all assets and liabilities of an operating segment, only if such information is regularly presented to by the entity’s chief operating decision maker, and if from the date of the issue of the last financial statements, these criteria have been significantly changed.

Other Revised Standards and Interpretations: Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards” are related to severe hyperinflation and eliminate the reference to the fixed dates for some requisite and voluntary exemptions, Amendments to IAS 12 “Income Taxes” introduce a rebuttable presumption that the value of investment property at fair value is recoverable out of the sale. Interpretation IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine” that addresses the issue when and how the benefits associated with stripping in the mining industry should be accounted for, on the Bank’s management opinion will have no impact on these financial statements.

Unless otherwise stated above, is not expected that these new Standards and Interpretations will have a significant impact on the financial statements of the Bank.

Note 6. Cash and cash equivalents

	31.12.2012	31.12.2011	01.01.2011
Cash	13 600	22 429	19 029
Funds in the National Bank of Ukraine (other than obligatory reserves)	14 224	21 425	4 799
Correspondent accounts, deposits and overnight loans with banks:			
<i>of Ukraine</i>	75 949	108 331	143 3
<i>other countries</i>	55 099	99 530	137 607
	20 850	8 801	6 006
Total cash and cash equivalents	103 773	152 185	167 441

Cash and cash equivalents were not secured securities acquired under the repo agreements and securities that can be sold or re-pledged by the Bank.

The Bank has no amounts of cash and cash equivalents on which use the limitations are imposed.

All other interbank allocations are included in funds with banks.

Note 7. Securities held for trading

	31.12.2012	31.12.2011	01.01.2011
Debt securities:	141 827	125 004	56 936
<i>Government bonds</i>	16 169	41 804	21 273
<i>Municipal loan bonds</i>	-	-	-
<i>Bonds of entities</i>	103 788	83 200	35 663
<i>Bonds of financial institutions</i>	21 870	-	-
Total securities held for trading	141 827	125 004	56 936

The bonds issued by the Ministry of Finance of Ukraine and by the entities are accounted for in the Bank's trading portfolio to the amount of UAH 141,827 thou.

The amount of accrued and not derived income from bonds in the Bank's trading portfolio as of the end of 31 December 2012 is UAH 14,229 thou.

The analysis of credit quality of the debt securities held for trading at 31.12.2012 is as follows:

	Government bonds	Municipal loan bonds	Bonds of entities	Promissory notes	Total
Debt securities (at fair value) that are not past due:	16 169	-	125 658	-	141 827
Public sector agencies and enterprises	16 169	-	-	-	16 169
<i>Medium-sized enterprises</i>	-	-	15 584	-	15 584
<i>Small enterprises</i>	-	-	110 074	-	110 074
not rated	16 169	-	125 658	-	141 827
Total debt securities	16 169	-	125 658	-	141 827

The analysis of credit quality of the debt securities held for trading at 31.12.2011 is as follows:

	Government bonds	Municipal loan bonds	Bonds of entities	Promissory notes	Total
Debt securities (at fair value) that are not past due:	41 804	-	83 200	-	125 004
<i>Public sector agencies and enterprises</i>	41 804	-	-	-	41 804
<i>Medium-sized enterprises</i>	-	-	14 731	-	14 731
<i>Small enterprises</i>	-	-	68 469	-	68 469
rated below A-	-	-	5 016	-	5 016
not rated	41 804	-	78 184	-	119 988
Total debt securities	41 804	-	83 200	-	125 004

Note 7. Securities held for trading (continued)

Securities, that are in trading portfolio of the Bank (other than governmental bonds), have a credit rating under the national rating scale at uaCC level; credit rating forecast is "stable".

The analysis of credit quality of the debt securities held for trading at 01.01.2011 is as follows:

	Government bonds	Municipal loan bonds	Bonds of entities	Promissory notes	Total
Current price of debt securities (at fair value):	21 273	-	35 663	-	56 936
<i>Public sector agencies and enterprises</i>	21 273	-	-	-	21 273
<i>Small enterprises</i>	-	-	35 663	-	35 663
Rated below A-	-	-	35 663	-	35 663
Not rated	21 273	-	-	-	21 273
Total debt securities at current price	21 273	-	35 663	-	56 936
Total debt securities	21 273	-	35 663	-	56 936

Note 8. Funds with other banks

	31.12.2012	31.12.2011	01.01.2011
Deposits with other banks:	302 385	473 315	132 557
<i>Short-term deposits</i>	302 265	473 236	132 478
<i>Long-term deposits</i>	120	79	79
<i>Reverse repurchase agreements ("reverse repo") with other banks</i>	-	-	-
Loans to other banks:	173 359	486 010	380 376
<i>Short-term</i>	173 359	486 010	380 376
<i>Long-term</i>	-	-	-
Provisions for impairment of funds with banks	(9 872)	(14 568)	(3 636)
Total funds with banks less provisions	465 872	944 757	509 297

The amount of provisions established is calculated based on the amount of granted deposits and loans reduced by the volume of provisions (with corresponding coefficient).

The amount of accrued and not derived income on granted deposits and loans as of the end of 31 December 2012 is UAH 541 thousand.

Note 8. Funds with other banks (continued)

The analysis of credit quality of the funds with the banks at 31.12.2012 is as follows:

	Deposits	Loans	Total
Not past due and not impaired:	302 385	173 359	475 744
<i>in 20 largest banks</i>	48 079	24 092	72 171
<i>with other banks of Ukraine</i>	254 306	149 267	403 573

The funds placed with other banks are not past-due and not impaired. The main objective of placements into the banks is to generate profit. The Bank is an active operator in the market of interbank resources and acts as a lender and as borrower (borrowing Bank) in the marketplace. To minimize risks that arise in making interbank transactions, the Bank carries out overall analysis of the situation in the interbank market, identifies the range of bank counterparties where the placement of the Bank's funds is at the lowest risk.

The analysis of credit quality of the funds with the banks at 31.12.2011 is as follows:

	Deposits	Loans	Total
Not past due and not impaired:	473 315	486 010	959 325
<i>in 20 largest banks</i>	16 083	72 059	88 142
<i>with other banks of Ukraine</i>	457 232	413 951	871 183

The analysis of credit quality of the funds with the banks at 01.01.2011 is as follows:

	Deposits	Loans	Total
Not past due and not impaired:	211 630	390 726	602 356
<i>in 20 largest banks</i>	169 129	208 579	377 708
<i>with other banks of Ukraine</i>	42 501	182 147	224 648

The analysis of changes in provisions for impairment of the funds with banks is as follows:

	at 31.12.2012	at 31.12.2011	at 01.01.2011
Provision for impairment as of 1 January	(14 668)	(3 636)	(481)
(Increase)/decrease in provision for impairment during the period	4 466	(11 032)	(3 155)
Provision for impairment as of the end 31 December	(10 202)	(14 668)	(3 636)

The provision for impairment of the funds with banks as of the end of 31 December 2012 was established in full. The provision was established in accordance with the category of the borrowing bank that is determined with consideration of a class of the borrowing banks and the status of debt servicing by the borrowing bank.

Note 9. Loans and clients’ debt

Loans and clients’ debt

	31.12.2012	31.12.2011	01.01.2011
Loans to state and local authorities	-	-	-
Loans to legal entities	519 957	426 732	336 762
Loans granted under repurchase agreements	-	-	-
Loans to individuals-entrepreneurs	703	154	196
Mortgage loans to individuals	2 376	785	-
Working capital loans to individuals	113	503	-
Other loans to individuals	27 980	26 098	8 760
Allowance for impairment of loans	(85 114)	(69 748)	(62 808)
Total loans less allowances	466 015	384 524	282 910

As at the end of the day 31 December 2012, the amount of accrued and not received income on the loans granted to the Bank clients was UAH 12 267 thousand.

The Bank has did not grant loans under repurchase agreements and has no securities, which serve as collateral for loans and clients’ debt under repurchase transactions.

Analysis of the change is allowances for loan debt as at 31.12.2012

	Loans to legal entities	Loans to individuals- entrepreneurs	Mortgages to individuals	Working capital loans to individuals	Other loans to individuals	Total
Opening balance	(63 342)	-	(45)	(57)	(6 304)	(69 748)
(Increase)/ decrease in allowance for impairment during the period	(13 733)	(51)	(34)	55	(671)	(14 434)
Write off of bad bedt at the expense of allowance	(932)	-	-	-	-	(932)
Closing balance	(78 007)	(51)	(79)	(2)	(6 975)	(85 114)

During the period, there has been no repayment of previously written off bad debt at the expense of allowance.

At each balance sheet date, the Bank analyses the objective evidence of financial assets impairment on an individual basis.

Note 9. Loans and clients' debt (continued)

Analysis of the change is allowances for loan debt as at 31.12.2011

	Loans to legal entities	Loans to individuals-entrepreneurs	Mortgages to individuals	Working capital loans to individuals	Other loans to individuals	Total
Opening balance	(62 632)	(4)	-	-	(172)	(62 808)
(Increase)/ decrease in allowance for impairment during the period	(710)	4	(45)	(57)	(6 132)	(6 940)
Write off of bad bedt at the expense of allowance	-	-	-	-	-	-
Closing balance	(63 342)	-	(45)	(57)	(6 304)	(69 748)

Loans structure according to business activities

Business activity	31.12.2012		31.12.2011		01.01.2011	
	amount	%	amount	%	amount	%
Production and distribution of electricity, gas and water	113 724	21%	77 484	17%	62 732	18%
Transactions with real estate, lease, engineering and services	81 365	15%	77 339	17%	18 651	5%
Trading; repair of cars, household appliances and personal appliances	139 423	25%	86 153	19%	87 059	25%
Agriculture, hunting, foresting	47 364	9%	598	0%	-	-
Individuals	30 469	5%	27 386	6%	8 760	3%
Financial activity	116 498	21%	170 416	38%	87 680	25%
Other	22 286	4%	14 896	3%	80 836	24%
Total loans and clients' debt without allowances	551 129	100%	454 272	100%	345 718	100%

Note 9. Loans and clients' debt (continued)

"Other" at 31.12.2012 consists of the following business activities:

- Construction – UAH 21 455 thou. (or 4%);
- health protection and social aid – UAH 499 thou. (or 0,1%);
- work of surface transport and additional transport services – UAH 282 thou. (or 0,05%);
- activities in the sphere of culture and sport, rest and entertainment – UAH 50 thou. (or 0,01%);
- "Other" at 31.12.2011 consists of the following business activities:
 - construction - UAH 13 155 thou. (or 3%);
 - health protection and social aid – UAH 172 thou. (or 0,04%);
 - work of surface transport and additional transport services – UAH 1 569 thou. (or 0,35%);
 - "Other" at 01.01.2011 consists of the following business activities:
 - transport and communications – UAH 140 thou. (or 0,04%);
 - real estate transactions, lease, engineering and loans to enterprises – UAH 80 696 thou. (23,36%).

Indicators of credit risk concentration meet the exposure limits established by the Regulations on credit risk management by PJSC "CB "GLOBUS".

Note 9. Loans and clients' debt (continued)

Information on loans in terms of collateral as at 31.12.2012

	Loans to legal entities	Loans to individuals-entrepreneurs	Mortgages to individuals	Working capital loans to individuals	Other loans to individuals	Total
Unsecured loans	69 369	503	-	113	358	70 343
Loans secured by:	450 588	200	2 376	-	27 622	480 786
<i>cash</i>	9 314	-	-	-	2 244	11 558
<i>securities</i>	118 000	-	-	-	-	118 000
<i>real estate</i>	287 839	-	2 376	-	24 614	314 829
<i>incl. housing</i>	12 395	-	690	-	12 336	25 421
<i>other assets</i>	35 435	200	-	-	764	36 399
Total loans and client' debt without allowances	519 957	703	2 376	113	27 980	551 129

Debt on loan agreements that have several kinds of collateral was distributed and reflected on the types of collateral in proportion to the amount of the pledge to a total security against a loan transaction.

Information on loans in terms of collateral as at 31.12.2011

	Loans to legal entities	Loans to individuals-entrepreneurs	Mortgages to individuals	Working capital loans to individuals	Other loans to individuals	Total
Unsecured loans	121 340	-	-	503	732	122 575
Loans secured by:	305 392	154	785	-	25 366	331 697
<i>cash</i>	12 627	-	-	-	622	13 249
<i>securities</i>	50 667	-	-	-	-	50 667
<i>real estate</i>	215 448	-	785	-	23 938	240 171
<i>incl. housing</i>	10 021	-	785	-	18 653	29 459
<i>other assets</i>	26 650	154	-	-	806	27 610
Total loans and client' debt without allowances	426 732	154	785	503	26 098	454 272

Note 9. Loans and clients' debt (continued)

Information on loans in terms of collateral as at 01.01.2011

	Loans to legal entities	Loans to individuals-entrepreneurs	Mortgages to individuals	Working capital loans to individuals	Other loans to individuals	Total
Unsecured loans	40 661	-	-	-	-	40 661
Loans secured by:	369 255	-	-	-	2 175	371 430
Collateral, incl.:	369 255	-	-	-	2 175	371 430
Real estate of housing purpose	13	-	-	-	679	692
Real estate of non-housing purpose	1 063	-	-	-	-	1 063
Mortgage of the land	49 786	-	-	-	-	49 786
Cash deposits	38 002	-	-	-	1 256	39 258
Other property	280 391	-	-	-	240	280 631
Total loans and clients' debt	409 916	-	-	-	2 175	412 091

Note 9. Loans and clients’ debt (continued)

Analysis of the credit quality of loans as at 31.12.2012

	Loans to legal entities	Loans to individual-entrepreneurs	Mortgage loans to individuals	Working capital loans to individuals	Other loans to individuals	Total
Not past-due and not impaired:	463 440	703	2 171	113	14 816	481 243
Loans to medium companies	29 948	-	-	-	-	29 948
Loans to small companies	433 492	703	-	-	-	434 195
Other loans to individuals	-	-	2 171	113	14 816	17 100
Past-due but not impaired	18 352	-	205	-	4 582	23 139
Past due up to 31 days	746	-	-	-	202	948
Past due from 32 to 92 days	8 517	-	205	-	1 999	10 721
Past due from 93 to 183 days	991	-	-	-	2 381	3 372
Past due from 184 to 365 (366) days	8 098	-	-	-	-	8 098
Impaired loans, measured on individual basis:	38 165	-	-	-	8 582	46 747
Past due up to 31 days	6 086	-	-	-	-	6 086
Past due from 32 to 92 days	26 717	-	-	-	-	26 717
Past due from 93 to 183 days	637	-	-	-	-	637
Past due from 184 to 365 (366) days	4 725	-	-	-	2 171	6 896
Past due more than 366 (367) days	-	-	-	-	6 411	6 411
Total amount of loans before allowances	519 957	703	2 376	113	27 980	551 129
Allowance for loan impairment	(78 007)	(51)	(79)	(2)	(6 975)	(85 114)
Total loans minus allowances	441 950	652	2 297	111	21 005	466 015

Note 9. Loans and clients' debt (continued)

Analysis of the credit quality of loans as at 31.12.2011

	Loans to legal entities	Loans to individual - entrepreneurs	Mortgage loans to individuals	Working capital loans to individuals	Other loans to individuals	Total
Not past-due and not impaired:	425 321	154	785	503	18 978	445 741
Major borrowers with credit history of more than 2 years	42 413	-	-	-	-	42 413
New major borrowers	4 654	-	-	-	-	4 654
Loans to medium companies	52 364	-	-	-	-	52 364
Loans to small companies	325 890	154	-	-	-	326 044
Other loans to individuals	-	-	785	503	18 978	20 266
Past-due but not impaired ³	1 411	-	-	-	7 120	8 531
Past due up to 31 days	-	-	-	-	860	860
Past due from 32 to 92 days	-	-	-	-	1 272	1 272
Past due from 93 to 183 days	-	-	-	-	4 988	4 988
Past due from 184 to 365 (366) days	1 411	-	-	-	-	1 411
Total amount of loans before allowances	426 732	154	785	503	26 098	454 272
Allowance for loan impairment	(63 342)	-	(45)	(57)	(6 304)	(69 748)
Total loans minus allowances	363 390	154	740	446	19 794	384 524

Note 9. Loans and clients' debt (continued)

Analysis of the credit quality of loans as at 01.01.2011

	Loans to legal entities	Loans to individual- entrepreneurs	Mortgage loans to individuals	Working capital loans to individuals	Other loans to individuals	Total
Not past-due and not impaired:	211 794	196	-	-	8 760	220 750
Major borrowers with credit history of more than 2 years	8 193	-	-	-	-	8 193
New major borrowers	115 100	-	-	-	-	115 100
Loans to small companies	88 501	196	-	-	-	88 697
Other loans to individuals	-	-	-	-	8 760	8 760
Past-due but not impaired ³	121 574	-	-	-	-	121 574
Past due up to 31 days	333 368	196	-	-	8 760	342 324
Past due from 32 to 92 days	3 394	-	-	-	-	3 394
Past due up to 31 days	3 394	-	-	-	-	3 394
Allowance for loan impairment	(62 632)	(4)	-	-	(172)	(62 808)
Total loans	274 130	192	-	-	8 588	282 910

Effect of collateral value on credit quality as at 31.12.2012

	Carrying value	Value of collateral	Effect of collateral
Loans to legal entities	519 957	579 402	(59 445)
Loans to individual-entrepreneurs	703	794	(91)
Mortgage loans to individuals	2 376	6 988	(4 612)
Working capital loans to individuals	113	-	113
Other loans to individuals	27 980	51 197	(23 217)
Total loans	551 129	638 381	(87 252)

During the year 2012, the fair value of collateral was determined as at conclusion of loan agreements according to security agreements (collateral agreement or mortgage agreement) and are carried at respective off-balance accounts.

The fair value of collateral (mortgages, vehicles and equipment) was determined by independent evaluators. The revaluation of the stated collateral was carried out on the Bank's initiative at least once a year by an independent evaluator.

Note 9. Loans and clients’ debt (continued)

Goods in circulation were accepted by the Bank at the carrying value (excluding VAT) on the date of agreement conclusion, according to the balance sheet information provided by pledger. Confirmation of availability and book value of collateral (goods in circulation) was conducted monthly by the Bank on the basis of balance sheet information of the company, and for this an Act was prepared.

Non-state securities included to the exchange registry, were accepted by the Bank on the value that has been set as the market at the time of collateral contract conclusion on the basis of exchange notices provided by the subjects of organized securities market (stock exchanges). Confirmation of the value set as a market value of these securities, were held monthly on the basis of information on trades during the month on the organized securities market.

On collateral that was purchased by the pledgers on the market under purchase/sale agreements the Bank accepted such property on purchase price, if it was purchased during one-three months before the contract conclusion date.

During the reporting period, PJSC “CB “GLOBUS” purchased investment real estate (land) by foreclosing on the collateral for repayment of overdue debt. The carrying amount of purchased investment property was determined on the basis of value, determined by an independent evaluator. The Bank is working on finding potential buyers for the realization of the purchased investment property.

Effect of collateral value on credit quality as at 31.12.2011

	Carrying value	Value of collateral	of Effect of collateral
Loans to legal entities	426 754	579 991	(153 237)
Loans to individual-entrepreneurs	154	468	(314)
Mortgage loans to individuals	785	1 957	(1 172)
Working capital loans to individuals	503	-	503
Other loans to individuals	26 098	75 897	(49 799)
Total loans	454 294	658 313	(204 019)

Effect of collateral value on credit quality as at 01.01.2011

	Carrying value	Value of collateral	of Effect of collateral
Loans to legal entities	336 762	299 294	37 468
Loans to individual-entrepreneurs	196	286	(90)
Mortgage loans to individuals	-	-	-
Working capital loans to individuals	-	-	-
Other loans to individuals	8 760	19 858	(11 098)
Total loans	345 718	319 438	26 280

Note 10. Securities available-for-sale

	31.12.2012	31.12.2011	01.01.2011
Debt securities:	-	-	22 119
<i>Company bonds</i>	-	-	22 119
Total securities available-for-sale less allowances	-	-	22 119

As at the end of the day 31 December 2012, there were no securities available-for-sale in the Bank’s portfolio.

Note 11. Investment property

Investment property measured at cost of production method as at 31.12.2012

	Land	Buildings	Part of building	Land and buildings	Total
Balance as at the end of 31.12.2011:	19 400	-	-	-	19 400
Purchases	32 830	-	-	-	32 830
Balance as at the end of 31.12.2012	52 230	-	-	-	52 230
Historical cost	52 230	-	-	-	52 230

Investment property measured at cost of production method as at 31.12.2011

	Land	Buildings	Part of building	Land and buildings	Total
Balance at the beginning of 2011:	-	-	-	-	-
Purchases	19 400	-	-	-	19 400
Balance as at the end of 2011:	19 400	-	-	-	19 400
Historical cost	19 400	-	-	-	19 400

Note 12. Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets as at 31.12.2012

Item	Buildings, constructions and transfer units	Machine and equipment	Vehicles	Equipment, appliance, inventory (furniture)	Other PPE	Other non-current tangible assets	Capital investments in progress in PPE and intangible assets	Intangible assets	Total
Balance value as at the beginning of 2011:	70 816	952	-	369	63	584	12	607	73 403
Historical (revalued) cost	73 442	1 593	-	674	101	1 059	12	1 037	77 918
Depreciation at the beginning of 2011	2 626	641	-	305	38	475	-	430	4 515
Additions	-	1 529	488	543	225	2 576	67	775	6 203
Capital investments	7	-	-	-	-	-	-	-	7
Disposals	-	-	-	-	3	28	-	-	31
Depreciation deductions	(2 904)	(538)	(23)	(218)	(46)	(636)	-	(328)	(4 693)
Balance value as at the end of 2011 (beginning of 2012):	67 919	1 943	463	694	239	2 496	79	1 054	74 889
Historical (revalued) cost	73 449	3 122	488	1 217	323	3 607	79	1 812	84 097
Depreciation at the end of 2011 (beginning at 2012)	5 530	1 179	23	523	84	1 111	-	758	9 208
Additions	-	582	-	141	114	1 516	248	841	3 442
Other transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	96	-	1	97
Depreciation deductions	(2 905)	(768)	(97)	(269)	(87)	(1 265)	-	(529)	(5 920)
Other changes	-	5	-	-	-	37	-	-	42
Balance at the	65 014	1 757	368	566	266	2 651	327	1365	72 314

PUBLIC JOINT STOCK COMPANY “COMMERCIAL BANK GLOBUS”
Financial Statements for the year ended 31 December 2012
(All amounts in UAH thousand, unless otherwise stated)

end of 2012

Historical (revalued) cost	73 449	3 699	488	1358	437	4 990	327	2 652	87 400
Depreciation at the end of 2012	8 435	1 942	120	792	171	2 339	-	1 287	15 086

PJSC “CB “Globus” has no:

- property, plant and equipment, on which there are restrictions on possession, use and disposal, provided by legislation;
- pledged property, plant and equipment and intangible assets;
- temporarily not used property, plant and equipment;
- property, plant and equipment excluded from operation for sale.

Historical cost of fully depreciated property, plant and equipment at the end of 31.12.2012 was UAH 1 045 thousand.

Note 12. Property, plant and equipment and intangible assets (continued)

Property, plant and equipment and intangible assets as at 31.12.2011

Item	Buildings, constructions and transfer units	Machinery and equipment	Vehicles	Equipment, appliances, inventory (furniture)	Other PPE	Other non-current tangible assets	Capital investments in progress in PPE and intangible assets	Intangible assets	Total
Balance as at the beginning of 2010:	-	703	-	295	29	2 011	36	607	3 681
Historical (revalued) cost	-	1 022	-	453	45	2 945	36	807	5 308
Depreciation as at the beginning of 2010	-	(319)	-	(158)	(16)	(934)	-	(200)	(1 627)
Additions	73 390	571	-	221	56	472	-	230	74 940
Improvements	52	-	-	-	-	62	-	-	114
Transfers	-	-	-	-	-	2 409	24	-	2 433
Disposals	-	-	-	-	-	(11)	-	-	(11)
Depreciation deductions	(2 626)	(322)	-	(147)	(22)	459	-	(230)	(2 888)
Balance value at the end of 2010 (beginning of 2011):	70 816	952	-	369	63	584	12	607	73 403
Historical (revalued) cost	73 442	1 593	-	674	101	1 059	12	1 037	77 918
Depreciation at the end of 2010 (beginning of 2011)	2 626	641	-	305	38	475	-	430	4 515
Additions	-	1 529	488	543	225	2 576	67	775	6 203
Disposals	-	-	-	-	3	28	-	-	31
Depreciation deductions	(2 904)	(538)	(23)	(218)	(46)	(636)	-	(328)	(4 693)
Balance value at the end of 2011	67 919	1 943	465	694	239	2 496	79	1 054	74 889

PUBLIC JOINT STOCK COMPANY "COMMERCIAL BANK GLOBUS"
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 (All amounts in UAH thousand, unless otherwise stated)

Historical (revalued) cost	73 449	3 122	488	1 217	323	3 607	79	1 812	84 097
Depreciation at the end of 2011	5 530	1 179	23	523	84	1 111	-	758	9 208

Note 13. Other financial assets

	31.12.2012	31.12.2011	01.01.2011
Accounts receivable on transactions with payment cards	264	48	-
Accounts receivable on transactions with foreign currency	319 697	71 443	-
Derivative financial instruments in the bank's portfolio	82 738	-	-
Other financial assets	4 099	168	95
Allowance for impairment of other financial assets	(23)	(3)	(1)
Total other financial assets less allowances	406 775	71 656	94

The Bank has not concluded agreements for operations with securities that could be transferred in the form of loans, and that the recipient of the securities would have had the right to sell or give them for the following pledge. In the reporting period, restricted cash and cash equivalents has not been provided.

Analysis of the changes in the allowance for impairment of other financial assets as at 31.12.2012

	Other financial assets	Total
Opening balance	(3)	(3)
(Increase)/decrease of allowance for impairment during the period	(20)	(20)
Closing balance	(23)	(23)

Note 13. Other financial assets (continued)

Analysis of the changes in the allowance for impairment of other financial assets as at 31.12.2011

	Other financial assets	Total
Opening balance	(1)	(1)
(Increase)/decrease of allowance for impairment during the period	(2)	(2)
Closing balance	(3)	(3)

Analysis of credit quality of other financial assets as at 31.12.2012

	Accounts receivable on transactions with payment cards	Accounts receivable on transactions with foreign currency	Other financial assets	Total
Not past-due and not-impaired debt:	264	319 697	86 820	406 781
<i>Major clients with credit history of more than 2 years</i>	-	59 948	-	59 948
<i>Medium companies</i>	-	-	21	21
<i>Small companies</i>	-	259 749	82 886	342 635
<i>Other</i>	-	-	3 913	3 913
Past-due but not impaired:	-	-	16	16
<i>Past-due up to 31 days</i>	-	-	16	16
Debt impaired on individual basis:	-	-	1	1
<i>Past-due up to 31 days</i>	-	-	1	1
Total other financial assets before allowance	264	319 697	86 837	406 798
Allowance for impairment of other financial assets	-	-	(23)	(23)
Total other financial assets less allowance	264	319 697	86 814	406 775

Note 13. Other financial assets (continued)

Analysis of credit quality of other financial assets as at 31.12.2011

	Accounts receivable on transactions with payment cards	Accounts receivable on transactions with foreign currency	Other financial assets	Total
Not past-due and not-impaired debt:	48	71 443	164	71 655
<i>Medium companies</i>	-	-	16	16
<i>Small companies</i>	-	71 443	117	71 560
Past-due but not impaired:	-	-	5	5
Total other financial assets before allowance	48	71 443	169	71 660
Allowance for impairment of other financial assets	-	-	(3)	(3)
Total other financial assets less allowance	48	71 443	166	71 657

Note 14. Other assets

	31.12.2012	31.12.2011	01.01.2011
Accounts receivable on assets acquisition	53	203	262
Prepayment for services	643	468	297
Bank metals	5 430	5 760	-
Other assets	-	4	5
Total other assets less allowances	6 126	6 435	564

Note 15. Due to banks

(UAH thou.)

	31.12.2012	31.12.2011	01.01.2011
Correspondent accounts and overnight deposits of other banks	23 293	76 742	12 067
Deposits of other banks:	302 173	473 149	211 171
<i>Short-term</i>	302 173	473 149	122 091
Loans received:	254 012	490 288	426 157
<i>Short-term</i>	254 012	485 783	417 974
<i>Long-term</i>	-	-	8 183
Total amounts due to other banks	579 478	1 040 179	649 395

The amount of accrued and unpaid expenses on the amounts due to the banks at the end of the day 31 December 31, 2012 was UAH 794 thou.

Note 16. Amounts due to customers

	31.12.2012	31.12.2011	01.01.2011
State and social organizations:	30 032	20 498	31 097
<i>Current accounts</i>	32	498	6 097
<i>Time funds</i>	30 000	20 000	25 000
Other legal entities	37 735	65 022	21 728
<i>Current accounts</i>	13 435	34 511	7 963
<i>Time funds</i>	24 300	30 511	13 765
Individuals:	425 751	383 784	188 112
<i>Current accounts</i>	23 784	16 213	86 043
<i>Time funds</i>	401 967	367 571	102 069
Total amounts due to clients	493 518	469 304	240 937

The amount of accrued and unpaid expenses on the amounts due to clients at the end of the day 31 December 2012 was UAH 5 894 thou.

Note 16. Amounts due to customers (continued)

Distribution of amounts due to clients by the type of business activity

Type of business activity	31.12.2012		31.12.2011		01.01.2011	
	amount	%	amount	%	amount	%
State management	-	-	203	0%	41	0
Production and distribution of electricity, gas and water	8 737	1,77%	21 795	4,64 %	55	0
Transactions with real estate, lease, engineering and services	3 345	0,68%	643	0,13%	1 927	1%
Trade, repair of cars, home appliances and personal demand items	9 048	1,83%	9 397	2%	2 784	1%
Agriculture, hunting, foresting	717	0,15%	2 230	0,48%	-	-
Individuals	425 751	86,27%	383 784	81,78%	188 112	78%
Insurance	3 267	0,66%	18 325	3,92%	1 867	1%
Other	45 653	9,25%	32 927	7,05%	46 151	19%
Total amounts due to clients	493 518	100 %	469 304	100 %	240 937	100%

Line “Other” as at 31.12.2012 consists of the following types of business activity:

- activity of hotels and restaurants – UAH 28 thousand;
- transport and additional transport services – UAH 1 672 thousand;
- post and communications – UAH 30 170 thousand;
- financial activity – UAH 10 394 thousand;
- education – UAH 338 thousand;
- health protection and social aid – UAH 2 504 thousand;
- activity of public organizations – UAH 46 thousand;
- activities in the field of culture and sports, recreation and entertainment – UAH 26 thousand;
- individual services – UAH 1 thousand;
- amounts of non-resident legal entities – UAH 474 thousand.

Note 16. Amounts due to customers (continued)

Line "Other" as at 31.12.2011 consists of the following types of business activity:

- activity of hotels and restaurants – UAH 183 thousand;
- transport and communications – UAH 21 651 thousand;
- financial activity – UAH 232 thousand;
- services in the field of informatization, law, accounting, engineering – UAH 2 491 thousand;
- health protection and social aid – UAH 2 192 thousand;
- utility and individual services – UAH 4 thousand;
- new subjects of economic activity – UAH 2 thousand;
- publishing and printing activity, distribution – UAH 11 thousand;
- waste processing – UAH 93 thousand;
- insurance and support services in the field of financial intermediary and insurance – UAH 5 542 thousand;
- rent of machinery and equipment – UAH 63 thousand;
- Research and development – UAH 41 thousand;
- education, activity in the fields of culture and sports, recreation and entertainment – UAH 202 thousand;
- amounts of non-resident legal entities – UAH 220 thousand.
- "Other" as at 01.01.2011 consists of the following types of business activity:
 - activity of hotels and restaurants – UAH 15 thousand;
 - transport and communications – UAH 33 786 thousand;
 - financial activity – UAH 12 103 thousand;
 - health protection and social aid – UAH 113 thousand;
 - utility and individual services – UAH 92 thousand;
 - new subjects of economic activity – UAH 42 thousand.

Note 17. Debt securities issued by the Bank

	31.12.2012	31.12.2011	01.01.2011
Bills	-	-	-
Eurobonds	-	-	-
Bonds issued on the domestic market	-	-	-
Deposit certificates	-	-	-
Bonds	-	-	36 630
Total	-	-	36 630

As at the end of the day 31 December 2012, bonds issued by the Bank that were placed on the secondary market, were repurchased in full.

Fair value of debt securities issued by the Bank.

	31.12.2012		31.12.2011		01.01.2011	
	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value
Bonds	-	-	-	-	-	36 630
Total	-	-	-	-	-	36 630

Note 18. Provisions for liabilities

Changes in the provisions for liabilities 31.12.2012

Movement in provisions	Liabilities of credit nature	Total
Balance at the beginning of 2012	1 239	1 239
Formation and /or increase of provision	206	206
Increase in reserve as a result of business combinations	-	-
Commission obtained for guarantees issued	297	297
Amortization of commissions received from issued guarantees, which is reflected in the statement of profit and loss and other comprehensive income	230	230
Balance as at the end of 2012	1 445	1 445

During the reporting year, provisions for liabilities were formed on the Bank's transactions on provision of guarantees and loans to clients, on which funds are given at the first requirement, i.e. are irrevocable. The commission, obtained on the issued guarantees during the year 2012, is stated for each separate financial instrument. The commissions were monthly amortized by the Bank on straight-line method on the Bank's income of the relevant group, that were reflected in the Statement of profit and loss and other comprehensive income.

Note 16. Amounts due to customers (continued)

Provisions for liabilities as at 31.12.2011

Movement in provisions	Liabilities of credit nature	Total
Balance at 1 January	119	119
Deductions to the provisions	1 120	1 120
Balance at the end of 31 December	1 239	1 239

During the reporting year, provisions for liabilities were formed on the Bank’s transactions on provision of guarantees and loans to clients, on which funds are given at the first requirement, i.e. are irrevocable.

Note 19. Other financial liabilities

	31.12.2012	31.12.2011	01.01.2011
Accounts payable on transactions with payment cards	86	-	-
Accounts payable on transactions with foreign currency	343 608	71 917	-
Derivative financial liabilities in the Bank’s trading portfolio	82 354	-	-
Other financial liabilities	161	32	60
Total other financial liabilities	426 209	71 949	60

Note 20. Other liabilities

	(UAH thou.)		
	31.12.2012	31.12.2011	01.01.2011
Amounts payable on taxes and charges, excluding income tax	839	91	51
Amounts payable on settlements with Bank’s employees	360	182	87
Amounts payable on asset acquisition	300	281	-
Deferred income	39	29	21
Other payables	829	135	4
Total	2 367	718	163

Note 21. Authorized capital and issue profit/loss

	Outstanding shares (thou.pcs.)	Ordinary shares	Total
Balance at 01.01.2011	160	160 000	160 000
Balance at the end of 31.12.2011	160	160 000	160 000
Balance at the end of 31.12.2012	160	160 000	160 000

- Authorized stock: 160 000 (one hundred sixty thousand) pieces;
- issued and paid shares: 160 000 (one hundred sixty thousand) pieces;
- nominal value of one share: UAH 1 000 (one thousand);
- no benefits and restrictions;
- no options and contracts for sale;
- for the years of the Bank’s operation, the decision to decrease the amount of authorized capital has not been made.

Note 22. Analysis of assets and liabilities on their maturities

	31.12.2012			31.12.2011		
	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
ASSETS						
Cash and cash equivalents	103 77:	-	103 77:	152 18	-	152 185
Funds of the obligatory reserves with the National Bank of Ukraine	6 750	-	6 750	5 233	-	5 233
Securities held for trading	141 827	-	141 827	125 004	-	125 004
Funds with other banks	465 752	120	465 872	944 678	79	944 757
Loans and receivables of clients	233 17	232 83	466 01	124 34	260 18	384 52
Investment property	-	52 230	52 230	-	19 400	19 400
Fixed and intangible assets	-	72 314	72 314	-	74 889	74 889
Other financial assets	406 77:	-	406 77:	71 656	-	71 656
Other assets	6 126	-	6 126	6 435	-	6 435
Total assets	1 364 179	357 503	1 721 682	1 429 531	354 552	1 784 083
LIABILITIES						
Funds of the banks	-	579 478	579 478	-	1 040 17	1 040 179
Clients' money	483 944	9 574	493 518	442 767	26 537	469 304
Liabilities on current income tax	161	-	161	35	-	35
Deferred tax liabilities	-	336	336	-	1 496	1 496
Provisions for liabilities	1 187	258	1 445	1 217	22	1 239
Other financial liabilities	426 209	-	426 209	71 949	-	71 949
Other liabilities	2 367	-	2 367	718	-	718
Total liabilities	913 868	589 646	1 503 514	516 686	1 068 234	1 584 920

Note 23. Interest income and expenses

	2012	2011
INTEREST INCOME		
Loans and clients' debt	146 254	78 692
Debt securities available for sale	-	1 194
Securities before maturity	-	-
Amounts in other banks	73 041	55 648
Trade debt securities	18 151	10 692
Correspondent accounts with other banks	10 687	351
Overnight deposits with other banks	494	195
Total interest income	248 627	146 772
INTEREST EXPENSES		
Time funds of legal entities	(6 148)	(5 182)
Debt securities issued by the Bank	(13)	(82)
Time funds of individuals	(32 225)	(23 441)
Time funds of other banks	(73 401)	(45 130)
Overnight deposits of other banks	(1 035)	(2 639)
Current accounts	(17 448)	(12 703)
Correspondent accounts	(526)	(50)
Total interest expenses	(130 796)	(89 227)
Net interest income/(expenses)	117 831	57 545

Note 24. Commission income and expenses

	2012	2011
COMMISSION INCOME:		
Clearing and settlement	8 319	6 309
Transactions with securities	552	402
Other	2 142	2 848
Guarantees issued	237	80
Total commission income	11 250	9 639
COMMISSION EXPENSES:		
Clearing and settlement	(2 618)	(2 994)
Transactions with securities	-	(755)
Other	(475)	(354)
Total commission expenses	(3 093)	(4 103)
Net commission income/expenses	8 157	5 536

Note 25. Other operating income

	2012	2011
Profit from operating lease	467	-
Profit from disposal of fixed assets and intangible assets	-	3
Other	398	1 296
Total operating income	865	1 299

Other operating income for the period includes:

- fines and penalties on loan transactions – UAH 126 thousand;
- fines and penalties on securities transactions – UAH 6 thousand;
- payment for advisory services - UAH 123 thousand;
- payment for bills forms – UAH 9 thousand;
- received discount on the used amount of fuel – UAH 5 thousand;
- income from remuneration paid by the Bank for the payment of dividends according to the commission contracts, and acts of operative leasing – UAH 129 thousand.

Other operating income for the previous period includes:

- fines and penalties on loan transactions – UAH 486 thousand;
- fines and penalties on securities transactions – UAH 21 thousand;
- fines and penalties on bank transactions – UAH 2 thousand;
- payment for advisory services – UAH 62 thousand;
- payment for bills forms – UAH 5 thousand;
- income from operating lease – UAH 720 thousand.

Note 26. Administrative and other operating expenses

	2012	2011
Staff costs	(12 440)	(6 172)
Depreciation of property, plant and equipment	(5 391)	(4 393)
Amortization of software and other intangible assets	(529)	(328)
Costs for maintenance of property, plant and equipment and intangible assets, telecommunication and other operating services	(3 253)	(2 552)
Operating lease expenses	(4 570)	(2 819)
Professional services	(1 034)	(630)
Marketing and advertising expenses	(2 093)	(1 035)
Insurance expenses	(37)	(276)
Payment of other taxes and charges, excluding income tax	(2 315)	(1 833)
Impairment of intangible assets, held for sale (or of disposal groups)	(63)	(3)
Other	(13 542)	(11 808)
Total administrative and other operating expenses	(45 267)	(31 849)

Note 27. Income tax expenses

Income tax expenses

	2012	2011
Current income tax	482	431
Change in deferred income tax, related to:		
emergence or write off of temporary differences	(1 160)	(118)
increase or decrease in tax rates	-	-
Total	(678)	313

Note 27. Income tax expenses (continued)

Reconciliation of the amount of accounting income (loss) and the amount of tax income (loss).

	2012	2011
Profit before tax	19 005	15 567
Theoretical tax deductions on the relevant tax rate	3 991	3 636
ADJUSTMENT OF TAX PROFIT (LOSS)		
Expenses that are not included to the amount of expenses with the aim to calculate the tax profit, but are recognized in accounting: provisions for off balance liabilities, reserves for accrued overdue income, interest on own bonds, household expenses, administrative expenses, provision for		
Vacations, fines, penalties.	18 801	14 820
Expenses that are included to the amount of expenses with the aim to calculate tax profit, but are not recognized in accounting: payment of coupon income on securities, royalty.		
	(746)	(3 948)
Income subject to income tax but are not recognized (do not belong to) in accounting income (loss): coupon income on securities.		
	4 425	2 822
Income not subject to income tax but are recognized in accounting: securities trading result, interest income on securities.		
	(21 346)	(11 885)
Depreciation deductions on the financial accounting data	5 921	4 721
Depreciation and amortization for the purposes of taxation	(4979)	(4 850)
Effect from changes in tax rates	46	29
Amount of tax profit (loss)	482	432

Theoretical tax deductions on the relevant tax rate are as follows: for the year 2012 at 21% rate, for the 1st quarter of the year 2011 at 25% rates and for the 2nd -4th quarters of the year 2011 at the 23% rate.

Tax implications related to the recognition of deferred tax assets and deferred tax liabilities for the year 2012

	Balance at 1 January 2012	Recognized in income/ loss	Balance at the end of 31 December 2012
Deferred expenses	(14)	14	-
Accrued interest on loans	(1583)	1583	-
Provision for vacation payments	34	42	76
Deferred income	9	(9)	-
Depreciation	(60)	60	-
Discount/premium	22	(22)	-
Carrying value of FA and IA	96	(508)	(412)
Net deferred tax assets/ (liability)	(1496)	1160	(336)
Recognized deferred tax asset	272	(196)	76
Recognized deferred tax liability	(1769)	1357	(412)

Note 27. Income tax expenses (continued)

Tax implications related to the recognition of deferred tax assets and deferred tax liabilities for the year 2011

	Balance at 1 January 2011	Recognized in income/ loss	Balance at the end of 31 December 2011
Deferred expenses	(14)	-	(14)
Accrued interest on loans	(1583)	-	(1583)
Provision for vacation payments	11	23	34
Deferred income	9	-	9
Depreciation	(60)	-	(60)
Discount/premium	22	-	22
Carrying value of FA and IA	-	-	96
Net deferred tax assets/ (liability)	(1615)	-	(1496)
Recognized deferred tax asset	154	118	272
Recognized deferred tax liability	(1769)	-	(1769)

Note 28. Profit/ (loss) per one ordinary and privileged share

Net and adjusted income/ (loss) per one ordinary and privileged share.

	2012	2011
Profit/(loss), that belongs to owners of ordinary shares	19 005	15 254
Profit/(loss), that belongs to owners of privileged shares	-	-
Profit/(loss) for the year	19 005	15 254
Annual number of outstanding ordinary shares (thou.pcs)	160	160
Annual number of outstanding privileged shares (thou.pcs)	-	-
Net and adjusted profit/(loss) per ordinary share (UAH)*	118,78	95,34

* The nominal value of one share of the Bank – UAH 1000,00

Note 29. Operational segments

Information for the main segments of the banking activity in terms of the segment counterparties as at 31.12.2012

	Services to corporate clients	Services to individuals	Investment banking activity	Other transactio ns	Total
Income from external clients	143 726	9 505	96 390	596	250 307
Income from other segments	-	-	-	-	-
Total income	143 726	9 505	96 390	596	250 307

PJSC "CB "Globus" had no a counterparty, the total amount of income on operations with which would be or exceed 10% of the Bank's income.

Information on the nature of income and expenses of operating segments as at 31.12.2012

	Services to corporate clients	Services to individuals	Investment banking activity	Other transactio ns	Total
Interest income	138 627	7 627	102 372	-	248 626
Commission income	4 963	1 963	4 324	-	11 250
Other operating income	135	5	(10 307)	596	(9 571)
Total income	143 725	9 595	96 389	596	250 305
Interest expenses	(8 277)	(47 544)	(74 975)	-	(130 796)
Commission expenses			(3 093)		(3 093)
Other operating expenses	(59 437)	(7 054)	(31 598)	-	(98 089)
Total expenses	(67 714)	(54 598)	(109 666)	-	(231 978)
Segment result	76 011	(45 003)	(13 277)	596	18 327
Profit/(loss) before tax	-	-	-	-	18 327
Income tax expenses	-	-	839	-	839
Profit/(loss)	-	-	-	-	19 166

Note 29. Operational segments (continued)

Assets and liabilities of operating segments as at 31.12.2012

	Services to corporate clients	Services to individuals	Investment banking activity	Other transactio ns	Total
Other segment assets	442 767	23 676	1 203 009	-	1 669 452
Total segment assets	442 767	23 676	1 203 009	-	1 669 452
Other undistributed assets	-	-	-	52 230	52 230
Total assets	442 767	23 676	1 203 009	52 230	1 721 682
Other segment liabilities	69 303	425 835	1 007 879	-	1 503 017
Total segment liabilities	69 303	425 835	1 007 879	-	1 503 017
Current and deferred tax liabilities	-	-	336	-	336
Total liabilities	69 303	425 835	1 008 215	-	1 503 353

Information for the main segments of the banking activity in terms of the segment counterparties as at 31.12.2011

	Services to corporate clients	Services to individuals	Investment banking activity	Other transactions	Total
Income from external counterparties	79 218	5 256	74 645	720	159 839
Total income	79 218	5 256	74 645	720	159 839

Note 29. Operational segments (continued)

Information on the nature of income and expenses of operating segments as at 31.12.2011

	Services to corporate clients	Services to individuals	Investment banking activity	Other transactio ns	Total
Interest income	74 537	4 155	68 080	-	146 772
Commission income	4 133	1 096	4 410	-	9 639
Other operating income	549	4	2 156	720	3 429
Total income	79 218	5 255	74 646	720	159 840
Interest expenses	(5 672)	(35 654)	(47 901)	-	(89 227)
Commission expenses	-	-	(4 103)	-	(4 103)
Other operating expenses	(2 140)	(5 922)	(42 881)	-	(50 943)
Total expenses	(7 812)	(41 576)	(94 885)	-	(144 273)
Segment result	71 406	(36 321)	(20 239)	720	15 566
Profit/(loss) before tax	-	-	-	-	15 566
Income tax expenses	-	-	-	-	(352)
Profit/(loss)	-	-	-	-	15 214

Assets and liabilities of operating segments as at 31.12.2011

	Services to corporate clients	Services to individuals	Investment banking activity	Other transactions	Total
Other segment assets	363 101	21 636	1 379 868	-	1 764 605
Total segment assets	363 101	21 636	1 379 868	-	1 764 605
Other undistributed assets	-	-	-	19 400	19 400
Total assets	363 101	21 636	1 379 868	19 400	1 784 005
Other segment liabilities	86 849	383 811	1 112 764	-	1 583 424
Total segment liabilities	86 849	383 811	1 112 764	-	1 583 424
Current and deferred tax liabilities	-	-	1 535	-	1 535
Total liabilities	86 849	383 811	1 114 300	-	1 584 960
Capital investments	-	-	78 680	-	78 680

Note 30. Financial risk management

Credit risk is defined as an actual or potential risk to earnings and capital of the Bank which arises from the failure of the counterparty, which has undertaken to fulfill the terms of any financial agreement with the Bank or otherwise to perform its obligations.

The main objective of credit risk management is creating an effective management system to meet current and strategic goals of the Bank using appropriate methods and tools of management and control of risks generated by the external environment, the structure of assets and liabilities and operations of the Bank.

The control system of credit risk consists of regulatory documents - regulations, procedures, methodologies, etc., which are approved by the Management Board. The decisions to grant a loan, purchase claims for factoring transactions, issue guarantees, warranties and other obligations of third parties that provide their implementation in cash, leasing operations of the Bank are taken collectively by the Credit Committee. The credit committee decision is formed as the protocol. The Bank has a system of limits on unsecured transactions in allocating resources in the interbank market, approved at a meeting of the Bank ALCO.

In the process of measurement, credit risk is divided into individual and portfolio risk. The source of individual credit risk is separate specific counterparty of the Bank. Measurement of individual credit risk provides an evaluation of a single counterparty's creditworthiness.

Portfolio credit risk appears in reducing the value of the Bank's assets. Measurement of portfolio credit risk provides an evaluation of concentration and diversification of assets.

Methods of Credit Risk Management at Bank's loan portfolio are as follows:

- diversification of the loan portfolio;
- setting limits;
- creation of allowances;
- Systematic analysis of the loan portfolio.

Methods of individual credit risk management:

- regular monitoring of the financial condition of borrowers and issuers;
- compliance with limits and regulations;
- Monitoring of loans (periodic review and reassessment of collateral, taking into account the fall in the value of collateral during the term of loans).

Methods of individual credit risk reduction:

- use of software;
- risk transfer (insurance);
- Phased lending.

During the reporting period, the allowances for active operations of the bank were formed in full. There were no violations of standards of large credit risks. As of 01.01.2012, the values of credit risk were as follows:

- - (N7) - Maximum credit risk exposure per counterparty - 23,59%
- - (N8) - ratio of large credit risks – 492,63%.

Note 30. Financial risk management (continued)

Market risk is actual or potential risk to earnings and capital of the Bank, due to unfavorable fluctuations in the value of securities and commodities and foreign exchange rates on those instruments that are held for trading by the Bank. This risk arises from dealing, taking positions on debt and equity securities, currencies, commodities and derivatives.

In accordance with the adopted strategy, ensuring of an acceptable level of market risk is achieved by:

- optimization of trading positions in major currencies, securities, derivatives and other financial instruments that are held for trading by the Bank;
- setting limits on open positions;
- Compliance with regulations and currency position limits.

The system of market risk in the Bank consists of regulatory documents - regulations, procedures, methodologies, etc., which are approved by the Management Board.

Given the Bank's development strategy for the nearest period, it may be noted that the Bank does not intend to use a wide investments both balance and off-balance, so market risk which arises due to unfavorable changes in value of derivative instruments is not appropriate for the Bank.

Currency risk is a probability that the change in foreign exchange rates will lead to a loss due to changes in the market value of the assets or liabilities. Currency risk is divided into:

- transaction risk;
- risk of transfer from one currency to another (translational risk);
- Economic currency risk.

Instability and currency fluctuations cause currency risk. The sharp fluctuations in exchange rates may be due to reasons both economic and political. The main factor affecting the exposure to the foreign exchange risk is the currency position of the Bank.

The goal of effective currency risk management is to protect the profits and capital of the Bank, ensuring that the currency risk profile of the Bank meets expectations of the Bank regarding changes in exchange rates in the future.

Effect of exchange rate changes on capital is measured by the value of open foreign currency position of the Bank.

The degree of exposure to foreign exchange risk is determined by:

- Open currency position of the Bank by various foreign currencies (i.e. the degree of disproportion of balance sheet and off-balance sheet items);
- The dynamics of the exchange rates (which is defined by the market);
- Qualification of persons that directly carry out transactions on behalf of the Bank and correctness of their actions, i.e. the managers of the Bank's assets and liabilities.

For the estimation of currency risk the Bank takes into account the following evaluation factors:

- The amount of balance sheet and off-balance sheet items that are subject to revaluation due to changes in the current exchange rates and forward exchange rate.
- The potential value of the capital loss due to the translation of currency positions to their hryvnya equivalent at the change of foreign exchange rates, taking into account the latest trends and forecasts.
- The availability of timely, accurate, and informative management information.
- The availability of appropriate mechanisms of controls for monitoring the accuracy of the information, the proper accounting approaches, compliance with applicable legislation of Ukraine and internal regulations of the Bank.

Setting limits is the method of managing the currency position in terms of the instability of the financial market. In this case the limit of the open currency position means a quantitative limit on the ratio between the open currency position and the Bank's capital. Limits restrict the amount of risk associated with the change of exchange rates, which the Bank is ready to bear. The limits are determined separately for each currency.

Note 30. Financial risk management (continued)

Interest risk is an existing or potential risk to earnings or capital, which occurs as a result of adverse 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. This means that if the Bank attracts funds under a certain interest rate, then it shall place them in a higher interest rate in the reference to the term. To ensure greater profitability the Bank management should maintain a large margin between the rates of attraction and taking into account the terms of the use of these resources. As a part of the asset and liability management is the management of assets and liabilities term of use, sensitive to changes in interest rates that can be achieved on the basis of this type of analysis, as a GAP-analysis. The Bank accrues interests on assets and liabilities at the fixed interest rate.

Operational risk is a potential risk for the existence of the Bank, which occurs due to drawbacks in corporate governance, internal control system or the inadequacy of information technologies and information handling processes in terms of handling, adaptability, reliability, manageability and the continuity of these technologies. Operational risk arises due to the inadequacy of strategies, policies, and the use of information technology. Other aspects of operational risk include the probability of unforeseen events (a fire or natural disaster). Control system for operational risk in the Bank includes the procedures and controls for operating risk inherent in the Bank's operations, including the monitoring of compliance with the accounting policies of the Bank and the requirements of normative and legal acts of the National Bank on methods of assets valuation and reporting, means of control, namely the process of the information backup and recovery, as well as back-up systems in case of access loss or destruction of significant information or technologies.

Liquidity risk is defined as an existing or potential risk for income and capital, which occurs due to the Bank's failure to fulfil its obligations timely, not incurring the losses.

For the liquidity and solvency management the Bank has created the liquidity and solvency management system. The system solves two main tasks: management of the current payment position of the Bank; the liquidity and solvency management of the Bank for the set term.

In addition, the system operation is aimed at getting the maximum possible profit.

The main liquidity management methods that are used by the Bank are:

- analysis of the actual state of liquidity and solvency;
- forecast of the liquidity and solvency, taking into account planned operations and activities;
- establishing limits on the Banks transactions and indicators of the liquidity and solvency;
- Planning the Bank's transactions, adjustment of their terms and so on in order to manage liquidity and solvency.

During the reporting year, there have been no indicators of liquidity ratio violations.

As at 31.12.2012, the liquidity ratios were as follows:

- N4 – instant liquidity ratio was 51,22%;
- N5 – current liquidity ratio – 62,16%;
- N6 – short-term liquidity ratio – 101,89%.

Analysis of currency risk

	at 31.12.2012				at 31.12.2011			
	Monetary assets	Monetary liabilities	Derivative financial instruments	Net position	Monetary assets	Monetary liabilities	Derivative financial instruments	Net position
USD	418 126	714 941	299 103	2 288	605 338	652 449	-	(47 111)
EUR	104 786	130 474	16 900	(8 788)	116 295	122 108	-	(5 813)
POUND	474	71	-	403	660	229	-	431
Other	9 087	7 051	-	2 036	8 389	5 506	-	2 883
Total	532 473	722 063	316 003	(4 061)	730 682	780 292	-	(49 610)

Note 30. Financial risk management (continued)

Change in profit or loss and equity as a result of possible changes in the exchange rate against foreign currencies set by the balance sheet date, provided that all other variables remain fixed (UAH thou.)

	at 31.12.2012		at 31.12.2011	
	Effect on profit/ (loss)	Effect on equity	Effect on profit/ (loss)	Effect on equity
Strengthening of USD by 5 %	19 119	203 557	12 899	195 918
Weakening of USD by 5 %	18 891	203 328	17 610	200 629
Strengthening of euro by 5 %	19 444	203 882	14 963	197 982
Weakening of euro by 5%	18 566	203 003	15 545	198 564
Strengthening of pound by 5 %	19 025	203 463	15 276	198 295
Weakening of pound by 5 %	18 985	203 422	15 232	198 252
Strengthening of other currencies and bank metals	19 136	203 574	15 354	198 373
Weakening of other currencies and bank metals	18 874	203 311	15 154	198 173

Change in profit or loss and equity as a result of possible changes in the exchange rate against foreign currencies set by the balance sheet date, provided that all other variables remain fixed

	Weighted average exchange rate 2012		Weighted average exchange rate 2011	
	Effect on profit/ (loss)	Effect on equity	Effect on profit/ (loss)	Effect on equity
Strengthening of USD by 5 %	19 119	203 556	13 035	196 054
Weakening of USD by 5 %	18 890	203 327	17 733	200 752
Strengthening of euro by 5 %	19 169	203 607	14 501	197 520
Weakening of euro by 5%	18 313	202 750	15 127	198 146
Strengthening of pound by 5 %	18 970	203 407	15 292	198 311
Weakening of pound by 5 %	18 930	203 368	15 247	198 266
Strengthening of other currencies and bank metals	19 083	203 521	15 463	198 483
Weakening of other currencies and bank metals	18 826	203 263	15 253	198 273

Note 30. Financial risk management (continued)

Analysis of interest risk

Item	On demand and less than 1 month	1 - 6 months	6 - 12 months	More than 1 year	Total
2012					
Total financial assets	643 572	212 183	224 863	46 437	1 127 055
Total financial liabilities	665 887	117 381	114 302	9 561	907 131
Net interest rate gap as at the end of 31 December 2012	(22 315)	94 802	110 561	36 876	219 924
2011					
Total financial assets	1 175 440	69 257	131 798	239 407	1 615 902
Total financial liabilities	1 112 765	98 690	74 031	26 485	1 311 971
Net interest rate gap as at the end of 31 December 2011	62 675	(29 433)	57 767	212 922	303 931

The main types of interest rate risk to which the Bank is exposed, are the following:

- The risk of changes in value, which occurs due to the difference in repayment periods (for instruments with fixed interest rate) of banking assets and liabilities;
- risk of changes in the yield curve, which occurs due to changes in the slope and shape of yield curve;
- basic interest rate risk that occurs due to lack of sufficiently close relationship between the adjustment of rates, received and paid by the Bank for a variety of instruments, all other characteristics of which as for revaluation are the same, are not specific for the Bank.

The variable interest rates are not available in the bank's portfolios, which may be subject to revaluation depending on the basic rate.

In the process of assessing the interest rate based on the analysis of gaps in terms (GAP analysis), the Bank focuses on the management of pure profits in the short term, their stabilizing and improving their quality.

Note 30. Financial risk management (continued)

Monitoring of the interest rates on financial instruments (%)

	2012				2011			
	UAH	USD	EUR	Other	UAH	USD	EUR	Other
Assets								
Cash and cash equivalents	20.5	0.2	-	-	4.86	0.5	0.4	0.3
Trade debt securities	14.0	9.4	-	-	12.94	8.9	-	-
Amounts in other banks	16.42	0.53	1.41	7.1	12.68	0.60	0.64	0.6
Loans and clients' debt	27.12	13.27	12.81	22.17	19.79	13.66	10.5	-
Debt securities for sale	-	-	-	-	8.9	-	-	-
Liabilities								
Amounts due to banks	13.41	2.88	1.56	6.63	8.39	0.49	1.45	0.5
Amounts due to clients:	16.01	7.17	6.58	3.6	15.74	8.99	8.29	3.9
<i>Current accounts</i>	13.1	6.38	5.61	2	11.37	8.09	7.59	1.9
<i>Term deposits</i>	20.23	8.13	7.22	3.91	18.21	9.80	8.66	4.5
Debt securities issued by the bank	-	-	-	-	13.6	-	-	-

For active and passive banking transactions, interests are accrued at the fixed interest rate.

The geographical risk is the risk the Bank incurs losses when the clients or counterparties, which belong to a certain country, fail to fulfil contractual obligations and, accordingly, are subject to the risks inherent in this country. As the Bank carries out its activity on the territory of Ukraine, the geographical risk is insignificant and secondary segment, which does not bear a substantial influence on the activity of the Bank.

Note 30. Financial risk management (continued)

Analysis of financial assets and liabilities by maturity on the basis of the forecast maturities as at 31.12.2012

	On demand and less than 1 month	1 - 3 months	3 - 12 months	12 months - 5 years	More than 5 years	Total
Assets						
Cash and cash equivalents	103 773	-	-	-	-	103 773
Trade securities	141 827	-	-	-	-	141 827
Amounts due from other banks	475 624	-	120	-	-	475 774
Loans and clients' debt	30 890	142 893	294 153	46 437	-	514 373
Other financial assets	406 681	94	-	-	-	406 775
Total financial assets	1 158 795	142 987	294 273	46 437	-	1 642 492
Liabilities						
Amounts due to other banks	579 478	-	-	-	-	579 478
Clients' money	252 106	75 250	156 588	9 574	-	493 518
Other financial liabilities	429 570	386	60	5	-	430 021
Subordinated debt	-	-	-	-	-	-
Total financial liabilities	1 261 154	75 636	156 648	9 579	-	1 503 017
Net liquidity gap as at the end of 31 December 2012	(102 359)	67 351	137 625	36 858	-	139 475
Total liquidity gap as at the end of 31 December 2012	(102 359)	(35 008)	102 617	139 475	139 475	278 950

Note 30. Financial risk management (continued)

Analysis of financial assets and liabilities by maturity on the basis of the forecast maturities as at 31.12.2011

	On demand and less than 1 month	1 - 3 months	3 - 12 months	12 months - 5 years	More than 5 years	Total
Assets						
Cash and cash equivalents	152 185	-	-	-	-	152 185
Trade securities	125 004	-	-	-	-	125 004
Amounts due from other banks	959 325	-	-	-	-	959 325
Loans and clients' debt	12 688	9 402	191 868	240 314	-	454 272
Other financial assets	71 482	133	416	-	-	71 656
Total financial assets	1 320 684	9 535	191 909	-	-	1 762 442
Liabilities						
Amounts due to other banks	1 040 179	-	-	-	-	1 040 179
Clients' money	270 007	57 413	115 347	26 537	-	469 304
Other financial liabilities	71 649	2 231	16	10	-	73 906
Total financial liabilities	1 381 835	59 644	115 363	26 547	-	1 583 389
Net liquidity gap as at the end of 31 December 2011	(61 151)	(50 109)	76 546	213 767	-	179 053
Total liquidity gap as at the end of 31 December 2011	(61 151)	(111 260)	(34 714)	179 053	179 053	358 106

Note 31. Capital management

Capital management is carried out by the Supervisory Board of the Bank, through the establishment of target capital indicators. The Bank manages capital adequacy level for protection against the risks inherent in its activities. The Bank's policy on capital management is aimed at ensuring capital adequacy of the Bank and is controlled using the coefficients established by the NBU when carrying out supervision of the Bank. The main purpose of the Bank's capital management is to ensure compliance with external capital requirements and maintenance of appropriate standards of capital needed to proceedings and maximize shareholder value. The Bank manages the capital structure and performs it with respect to changes in economic conditions and the risk characteristics of its activities. For the purpose of maintaining or changing the capital structure, the Bank may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue equity securities or attract subordinated debt.

Structure of regulatory capital (UAH thousand)

	2012	2011	2010
Actually paid authorized capital	160 000	160 000	160 000
Decrease of FC (intangible assets less depreciation)	(1 365)	(1 054)	(607)
Disclosed allowances created or increased by means of retained earnings	4 605	3 843	3 446
Fixed capital	163 240	162 789	162 839
Allowances for standard loans to other banks, for standard loans to customers	54	264	2
Estimated current year profit	5 591	15 154	295
Profit of previous years	34 557	20 066	12 524

The Bank's capital is one of the most important indicators of the Bank's performance, the main purpose of which is to cover the negative effects of the various risks that the Bank assumes in the process of maintaining its business activities and ensures the protection of deposits, financial stability and a stable activity of the Bank.

During the year 2012, the Bank did not violate the capital ratios, which as at 31.12.2012 were as follows:

N1 - the Bank's regulative capital – UAH 203 442 thou.

N2 - regulative capital adequacy ratio – 10, 89%

N3 - ratio (coefficient) of regulative capital to total assets - 12,68%

Note 32. Potential liabilities of the Bank

Legal proceedings

In the year 2012, 21 cases were considered in the court with the participation of the Bank:

- On the claim of PJSC “CB “Globus” to individuals 10 (ten) cases on debts collections under credit contracts were considered in courts of general jurisdiction. 7 (seven) claims were satisfied, 3 (three) are being judged;
- On the claim of PJSC “CB “Globus” to legal entities 6 (six) cases on debts collections under credit contracts were considered in economic courts. 4 (four) claims were satisfied, 2 (two) are being judged;
- On the claim of PJSC “Delta Bank” to individual 1, 3d party PJSC “CB “Globus” about foreclosure on mortgages through recognition of ownership of it by a mortgagee. Claim remains unsolved.
- On the claim of PJSC “Delta Bank” to individual 2, 3d party PJSC “CB “Globus” about foreclosure on mortgages through recognition of ownership of it by a mortgagee. Claim terms are satisfied, proceedings are discontinued.
- In the year 2012, 3 (three) cases on claims of joint holding company “Kyivmiskbud” to PJSC “CB “Globus” (as nominee- securities custodian) and other defendants to make changes in the system of register of owners of registered securities for the purpose of proper registration of property rights of “Kyivmiskbud” on securities were judged in Economic Court of the city of Kyiv and the Kyiv appellate economic court. Two claims were satisfied. One is being judged.

Note 32. Potential liabilities of the Bank (continued)

Potential tax liabilities

The tax, currency and customs legislation of Ukraine is frequently subject to varying interpretations, and changes. The tax authorities of Ukraine may take a more aggressive position in their interpretation of the legislation and tax calculations, so there is a possibility that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and fines can be accrued. The management believes that it correctly reflected the tax liabilities in created allowances, based on their own interpretations of the tax legislation of Ukraine, official statements and judicial decisions. However, the interpretation by the relevant authorities may be different and have a significant impact on the financial statements, if the tax authorities are able to defend their interpretation of these rules.

Capital expenditure liabilities

As at 31 December 2012, the Bank did not include contracts, providing liabilities from capital investments associated with the reconstruction of the buildings, the acquisition of fixed assets and intangible assets.

Operating lease liabilities

If the Bank is the lessee, the future minimum payments under non-cancellable operating leases are as follows:

The future minimum lease payments for the non-cancellable operating lease agreements

	at 31.12.2012	at 31.12.2011
Less than 1 year	622	12
1 – 5 years	6 116	10 232
More than 5 years	-	-
Total	6 738	10 244

Loan related liabilities

The main aim of these instruments is to ensure provision of funds to clients as needed. Liabilities to provide a loan are an unused portion of the approved loans. In relation to liabilities on loans granting the Bank is potentially subjected to risk and incurring losses in an amount equal to the total unused liabilities, if they are risk liabilities, i.e. irrevocable. However, the likely amount of loss is less than the total unused liabilities since most liabilities to provide loans are provided by clients' compliance with certain standards of creditworthiness. The Bank monitors the remaining terms to maturity of the loan, because as usual long term liabilities have higher levels of risk than short-term liabilities.

The total amount of debt guarantees and unused credit lines does not necessarily represent future cash requirements, since the expiration or cancellation of these liabilities is possible without providing the money to the borrower. The probability of losses occurrence on the Bank's liabilities of credit nature is estimated as insignificant.

The amount of loan liabilities, which are recorded on the balance sheet of the Bank, is

UAH 37 944 thou. And consists of:

- risky (irrevocable) – UAH 4 389 thousand,
- non-risky (revocable) – UAH 33 555 thousand.

Note 32. Potential liabilities of the Bank (continued)

Structure of loan liabilities

	31.12.2012	31.12.2011
Loan liabilities provided	37 944	47 711
Guarantees issued	5 830	4 567
Provision for loan related liabilities	(1 445)	(1 239)
Total loan related liabilities less allowance	42 328	51 039

Loan obligations by currency

	at 31.12.2012	at 31.12.2011
UAH	42 801	50 668
USD	799	1 590
EUR	-	20
Other (RUB)	174	-
Total	43 774	52 278

Assets pledged and assets for which there are restrictions associated with the possession, use and disposal.

Assets pledged without derecognition.

	at 31.12.2012		at 31.12.2011	
	Assets pledged	Secured liability	Assets pledged	Secured liability
Property rights on cash	449 230	-	1 025 458	-
Total	449 230	-	1 025 458	-

Note 33. Fair value of financial instruments

Financial instrument is a contract that simultaneously gives rise to (increase in) financial assets of one entity and a financial liability or equity instrument of another.

The fair value is the amount for which an asset can be exchanged or a liability settled in a transaction between knowledgeable, willing parties, other than in a forced sale or liquidation. The best evidence of the fair value of a financial instrument is the price that is quoted in the market. The fair value of financial instruments for which there is no quoted market prices, is determined by using valuation techniques. Application of certain valuation techniques requires assumptions not supported by observable market data. Changing any of the possible alternative assumptions would not result in significantly different profit, total assets or total liabilities.

Financial assets and liabilities recognized at fair value include:

- Securities in the portfolio (Note 5) and available-for-sale securities (Note 8) are initially measured at fair value. The costs of the operation with the acquisition of securities in the trading portfolio are the bills the costs during the initial recognition of such securities. The operation expenses on the acquisition of the Bank's securities available-for-sale are reflected by accounts of discount (premium) accounting at the date of their acquisition.
- The fair value of the security in the Bank's portfolio is the value that is defined by its quoted price of the buyer according to the published quotations of securities on stock exchanges at the close of the last trading day of the reporting month. In case of absence of such quotes on specified date fair value of the securities is determined by its latest exchange rate which is determined according to the results of stock trades that took place during the last 5 days of fiscal month.
- The difference between the carrying value and the fair value of securities is accounted at the balance sheet date as a result of revaluation (additional valuation or write-down).
- Loans, deposits are measured at amortized cost using the effective interest rate method during the accrual and amortization of discount (premium). The fair value of the financial instrument during the initial recognition is usually equal to the actual operating expenses (Notes 8, 9, 15, 16).
- Cash and cash equivalents are carried at amortized cost, which is equal to their current fair value (Note 6).
- Derivative financial instruments under agreements in foreign currencies concluded by the Bank are mainly used for trading on the over the counter market among professional market counterparties on standardized agreements. Derivative financial instruments (accounts receivable or payable under foreign exchange swaps) have potentially favourable (assets) or unfavourable (liabilities) conditions as a result of fluctuations in market interest rates, exchange rates or other variables, associated with these instruments. The total fair value of derivative financial instruments can considerably vary from time to time.

Note 33. Fair value of financial instruments (continued)

Analysis of financial instruments carried at amortized cost

	at 31.12.2012		at 31.12.2011	
	Fair value	Carrying value	Fair value	Carrying value
FINANCIAL ASSETS				
Cash and cash equivalents:	110 523	110 523	157 418	157 418
cash	13 600	13 600	22 429	22 429
Amounts with the National Bank of Ukraine (other than mandatory reserve deposits)	14 224	14 224	21 425	21 425
Mandatory reserve with the National Bank of Ukraine	6 750	6 750	5 233	5 233
Correspondent accounts, loans and overnight deposits in banks	75 949	75 949	108 331	108 331
Amounts in other banks:	465 872	465 872	944 757	944 757
Deposits in other banks	302 385	302 385	473 315	473 315
Loans to other banks	173 359	173 359	486 010	486 010
Allowance for impairment of amounts due from other banks	(9 872)	(9 872)	(14 568)	(14 568)
Loans and clients' debt:	551 129	551 129	454 272	454 272
Loans to legal entities	519 957	519 957	426 732	426 732
Loans to individuals-entrepreneurs	703	703	154	154
Mortgage loans to individuals	2 376	2 376	785	785
Working capital loans to individuals	113	113	503	503
Other loans to individuals	27 980	27 980	26 098	26 098
Other financial assets:	320 179	320 179	71 656	71 656
Amounts receivable on transactions with payment cards	264	264	48	48
Amounts receivable on transactions with foreign currency	319 697	319 697	71 443	71 443
Other financial assets	241	241	168	168
Allowance for impairment of other financial assets	(23)	(23)	(3)	(3)
FINANCIAL LIABILITIES				
Due to banks:	579 478	579 478	1 040 179	1 040 179
Correspondent accounts and overnight deposits of other banks	23 293	23 293	76 742	76 742
Deposits of other banks	302 173	302 173	473 149	473 149
Loans received	254 012	254 012	490 288	490 288

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Amounts due to clients:	493 518	493 518	469 304	469 304
State and public organizations	30 032	30 032	20 498	20 498
Other legal entities	37 735	37 735	65 022	65 022
Individuals	425 751	425 751	383 784	383 784
Other financial liabilities:	343 855	343 855	71 949	71 949
Amounts payable on transactions with payment cards	86	86	-	-
Amounts payable on transactions with foreign currency	343 608	343 608	71 917	71 917
Other financial liabilities	161	161	32	32

Note 33. Fair value of financial instruments (continued)

Analysis of financial instruments carried at fair value by level of measurement

	Fair value at different measurement models			Total fair value	Total carrying value
	Market adjustments (level I)	Measurement model that uses observational data (level II)	evaluation model that uses indicators not supported by observable market data (level III)		
FINANCIAL ASSETS					
Trade securities:	141 827	-	-	141 827	141 827
<i>State bonds</i>	16 169	-	-	16 169	16 169
<i>Company bonds</i>	103 788	-	-	103 788	103 788
<i>Bonds of banking institutions</i>	21 870	-	-	21 870	21 870
Other financial assets:	3 858	82 738	-	86 596	86 596
<i>Derivate financial assets for trade</i>	-	82 738	-	82 738	82 738
<i>Other financial assets</i>	3 858	-	-	3 858	3 858
Total financial assets carried at fair value	145 685	82 738	-	228 423	228 423
FINANCIAL LIABILITIES					
Other financial liabilities:	-	82 354	-	-	82 354
<i>Derivate financial liabilities for trade</i>	-	82 354	-	-	82 354
Total financial liabilities carried at fair value	-	82 354	-	-	82 354

Note 34. Financial assets by measurement categories

Financial assets by measurement categories as at 31.12.2012

	Loans and accounts payable	Assets available for sale	Financial assets at fair value with revaluation as profit/loss		Investments, held to maturity	Total
			Trade assets	Assets carried at fair value through profit /loss		
ASSETS						
Cash and cash equivalents	-	103 773	-	-	-	103 773
Trade securities	-	-	-	141 827	-	141 827
Amounts with other banks:	465 872	-	-	-	-	465 872
<i>Deposits in other banks</i>	302 385	-	-	-	-	302 385
<i>Loans to other banks</i>	173 359	-	-	-	-	173 359
<i>Allowance for impairment of amounts in other banks</i>	(9 872)	-	-	-	-	(9 872)
Loans and clients' debt:	466 015	-	-	-	-	466 015
<i>Loans to legal entities</i>	519 957	-	-	-	-	519 957
<i>Loans to individuals- entrepreneurs</i>	703	-	-	-	-	703
<i>Mortgage loans to individuals</i>	2 376	-	-	-	-	2 376
<i>Working capital loans to individuals</i>	113	-	-	-	-	113
<i>Other loans to individuals</i>	27 980	-	-	-	-	27 980
<i>Allowance for impairment of loans</i>	(85 114)	-	-	-	-	(85 114)
Other financial assets:	319 961	218	82 738	3 858	-	406 775
<i>Accounts receivable on transactions with payment cards</i>	264	-	-	-	-	264
<i>Accounts receivable on transactions with foreign currency</i>	319 697	-	82 738	-	-	402 435
<i>Other financial assets</i>	-	241	-	3 858	-	4 099
<i>Allowance for impairment of other financial assets</i>	-	(23)	-	-	-	(23)
Total financial assets	1 251 848	103 991	82 738	145 685	-	1 584 262

Note 34. Financial assets by measurement categories (continued)

Financial assets by measurement categories as at 31.12.2012

	Loans and accounts payable	Assets available for sale	Financial assets at fair value with revaluation as profit/loss		Investment s, held to maturity	Total
			Trade assets	Assets carried at fair value through profit /loss		
ASSETS						
Cash and cash equivalents	-	152 185	-	-	-	152 185
Trade securities	-	-	-	125 004	-	125 004
Amounts with other banks:	944 757	-	-	-	-	944 757
Deposits in other banks	473 315	-	-	-	-	473 315
Loans to other banks	486 010	-	-	-	-	486 010
Allowance for impairment of funds in other banks	(14 568)	-	-	-	-	(14 568)
Loans and clients' debt:	384 524	-	-	-	-	384 524
Loans to legal entities	426 732	-	-	-	-	426 732
Loans to individuals- entrepreneurs	154	-	-	-	-	154
Mortgage loans to individuals	785	-	-	-	-	785
Working capital loans to individuals	503	-	-	-	-	503
Other loans to individuals	27 980	-	-	-	-	27 980
Allowance for loan impairment	(69 748)	-	-	-	-	(69 748)
Other financial assets:	71 491	165	-	-	-	71 656
Amounts receivable on transactions with payment cards	48	-	-	-	-	48
Amounts receivable on transactions with foreign currency	71 443	-	-	-	-	71 443
Restricted cash	-	-	-	-	-	-
Other financial assets	-	168	-	-	-	168
Allowance for impairment of other financial assets	-	(3)	-	-	-	(3)
Total financial assets	1 400 772	152 350	-	125 004	-	1 678 126

Note 35. Related party transactions

Balances on transactions with related parties as at the end of 31 December 2012

	Companies under common control	Key managerial personnel	Associates	Other related parties
Loans and clients' debt (contractual interest rate 21 - 26 %)	306	406	-	-
Allowance for loan debt as at 31 December	(18)	(11)	-	-
Clients' money (contractual interest rate 1- 25,5 %)	47	146 438	18	35 457
Provision for liabilities	-	1	-	-
Other liabilities	-	28	-	-

Income and expenses on transactions with related parties 2012

	Companies under common control	Key managerial personnel	Associates	Other related parties
Interest income	87	89	-	49
Interest expenses	-	1 669	-	1 276
Commission income	10	9	-	1
Deductions to the allowance for impairment of loans and amounts due to other banks	(18)	(11)	-	-

Other rights and obligations with related parties at the end of 31 December 2012

	Companies under common control	Key managerial personnel	Associates	Other related parties
Other liabilities	-	28	-	-

Total amount of loans granted to related parties and paid off by related parties during the year 2012

	Companies under common control	Key managerial personnel	Associates	Other related parties
Amount of loans given to the related parties during the period	300	596	-	-
Amount of loan paid off by the related parties during the period	-	194	-	-

Note 35. Related party transactions (continued)

Balances on transactions with related parties as at the end of 31 December 2011

	Key managerial personnel	Associates	Related persons	Other related parties
Loans and clients' debt	-	-	300	448
Allowance for loan debt	-	-	(60)	(18)
Amounts due to clients	12 300	44	-	5 879

Income and expenses on transactions with related parties 2011

	Key managerial personnel	Associates	Related persons	Other related parties
Interest income	-	-	15	49
Interest expenses	1 167	2	-	5 817
				(18)
Allowance for loan debt	-	-	(60)	
Administrative and other operating expenses	256	-	-	-

Total amount of loans granted to related parties and paid off by related parties during the year 2011

	Companies under common control	Key managerial personnel	Associates	Other related parties
Amount of loans given to the related parties during the period	300	522	-	-
Amount of loan paid off by the related parties during the period	-	74	-	-

Remuneration to key managerial personnel.

	2012		2011	
	Expenses	Accrued liability	Expenses	Accrued liability
Current payments to employees	791	-	570	-
Discharge payments	13	-	12	-