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(Translation from Russian)

The credit rating of PJSC «Ukrainian Professional Bank» is improved up to the level uaA-

September 06, 2012 RA «Expert-Rating» has decided to improve the credit rating of **PJSC «Ukrainian Professional Bank»** and of the bank's bonds of Series *E* up to the level **uaA-** according to the national scale. The borrower with uaA is characterized by a high solvency, compared to other Ukrainian borrowers. Making decision about improving the credit rating according to the national scale, the Agency was guided by key results of the Bank's activity in the I half of 2012.

Table 1

Key balance sheet indicators of PJSC «Ukrainian Professional Bank» in the I half of 2012

th. UAH, %, p.p.

Indicators	01.07.2012	01.01.2012	Change	Growth rate, %
Shareholders' equity	**583 636**	**634 091**	**-50 455**	**-7,96%**
Authorized capital	500 000	500 000	0	0,00%
Shareholders' equity/Assets ratio, %	17,55%	19,69%	-2,14 p.p.	-
Total liabilities	**2 740 998**	**2 586 106**	**154 892**	**5,99%**
Including liabilities in foreign currency	691 516	1 075 756	-384 240	-35,72%
Funds of banks	817 733	844 305	-26 572	-3,15%
Funds of individuals	1 101 940	1 085 199	16 741	1,54%
Funds of legal entities	766 034	621 310	144 724	23,29%
Total assets	**3 324 634**	**3 220 197**	**104 437**	**3,24%**
Liquid assets (Cash and cash equivalents + Trading securities + Funds in other banks)	947 957	892 783	55 174	6,18%
Customer credits and debt	**2 038 930**	**2 105 824**	**-66 894**	**-3,18%**
Including customer credits and debt in foreign currency	277 224	279 287	-2 063	-0,74%
Loan provisions	(142 212)	(127 274)	14 938	11,74%
Loan provisions/ customer credits and debt ratio, %	6,97%	6,04%	0,93 p.p.	-
Securities (Securities for sale + Securities for redemption)	214 626	118 173	96 453	81,62%
Securities provision (for sale + for redemption)	(557)	(557)	0,00	0,00%
Liquid assets/Liabilities ratio, %	**34,58%**	**34,52%**	**0,06 p.p.**	**-**

Source: data of PJSC «Ukrainian Professional Bank», calculations by RA «Expert-Rating»

1. In the I half of 2012 key balance sheet indicators of PJSC «Ukrainian Professional Bank» have demonstrated the moderate dynamics of growth. During the 6 months of 2012 the Bank's assets have increased by 3,24% or by UAH 104,4 mln and have reached UAH 3,325 bn as of 01.07.2012. Customer credits and debt of the Bank have reduced by 3,18% or by UAH 66,9 mln down to UAH 2,039 bn, while the securities portfolio of the Bank has increased by 81,62% or by UAH 96,5 mln and has amounted to UAH 214,6 mln as of 01.07.2012. The growth rate of the Bank's liabilities has slightly exceeded the average market indicator. Thus, in the period from 01.01.2012 to 01.07.2012 the Bank's liabilities have grown by 5,99% or by UAH 154,9 mln up to UAH 2,741 bn, while the average growth rate of total liabilities of the Ukrainian banks has amounted to 4,65% in the same period. At the same time, PJSC «Ukrainian Professional Bank» continued to expand its regional network, particularly, the new offices have been opened in Kiev, Rovno and Lutsk in the I half of 2012.

2. In H1 2012 the funds of legal persons have been the main source of replenishment of resource base of Bank. From the beginning of the year their volume grew on 23,29 % or on UAH 144,7 million and as of 01.07.2012 reached the point of UAH 766 million, whereas on the average in the bank system of Ukraine the

decrease in the given indicator by 6,85 % has been noted. The volume of the funds attracted by the Bank from individuals, during the period from 01.01.2012 to 01.07.2012 has increased by 1,54 % or on UAH 16,7 million to UAH 1,102 billion. At the same time the funds attracted by PJSC Ukrainian Professional Bank at other banks have decreased on 3,15 % or by UAH 26,6 million and as of 01.07.2012 was UAH 817,7 million. As a result, as of 01.07.2012 the structure of resource base of PJSC Ukrainian Professional Bank was distributed as follows: funds of individuals occupied 40,2% of Bank liabilities, the share of funds of legal persons constituted 27,95 %, and the share of funds of banks - 29,83 %. As a whole, the Agency positively estimates the changes which took place in the structure of resource base of the Bank as they promoted improvement of liabilities diversification level.

3. Indicators of Bank capital normative values (H1, H2, H3) show high level of its capitalization. As of 01.07.2012 Bank regulatory capital (H1) has constituted UAH 579,5 million, that is by 0,23 % or on UAH 1,338 million more than as of 01.07.2011. Regulatory capital adequacy norms (H2) and ratio regulatory capital/cumulative assets (H3), despite some correction, as before, do not only exceed the regulator minimal requirements, but also the average market values. So, as of 01.07.2012 in comparison with 01.07.2011 H2 has decreased on 2,19 p.p. and was 18,02 % (at standard value - not less than 10 %, and an average indicator on bank system - 17,98 %), H3 reduced by 1,90 p.p. from 18,60 % to 16,70 % (at limit indicator not less than 9 %, and average value in the system - 14,58 %).

Table 2

Key norms of
PJSC «Ukrainian Professional Bank» in the I half of 2012

Norms	The norm set by NBU	01.07.2012		01.07.2011		Change, th. UAH, p.p.
		The Bank's norm	The average of the system	The Bank's norm	The average of the system	
Regulatory capital **(N1),** th. UAH	**Not less UAH 120 000 th.**	579 463	-	578 125	-	1 338
Regulatory capital adequacy **(N2)**, %	**Not less 10%**	18,02%	17,98%	20,21%	19,20%	-2,19 p.p.
Regulatory capital/Total assets ratio **(N3)**, %	**Not less 9%**	16,70%	14,58%	18,60%	14,65%	-1,90 p.p.
Instant liquidity **(N4)**, %	**Not less 20%**	31,94%	52,75%	44,66%	54,30%	-12,72 p.p.
Current liquidity **(N5)**, %	**Not less 40%**	71,56%	70,75%	103,65%	73,02%	-32,09 p.p.
Short-term liquidity **(N6),** %	**Not less 60%**	129,98%	94,46%	125,56%	89,34%	4,42 p.p.
Norm of large loan risks **(N8)**, %	**Not more 800%**	349,29%	178,68%	290,17%	148,37%	59,12 p.p.
Norm of the maximum amount of loans, guarantees and sureties, issued to the insiders **(N10)**, %	**Not more 30%**	4,04%	2,99%	3,91%	2,36%	0,13 p.p.

Source: data of PJSC «Ukrainian Professional Bank», NBU, calculations by RA «Expert-Rating»

4. Bank liquidity indicators (H4, H5 and H6) redundantly exceed normative requirements of the regulator, besides, H5 and H6 exceed also the market average values that allows to estimate positively the level of equation of Bank assets and liabilities on the corresponding terms of repayment. So, as of 01.07.2012 the norm of instant liquidity (H4) constituted 31,94 % (at required value - not less than 20 %), the current liquidity norm (H5) has constituted 71,56 %, (at required value - not less than 40 %, and average value on system - 70,75 %), and the norm of short-term liquidity (H6) has reached the level of 129,98 % (at required value of not less than 60 %, and an average value on bank system - 94,46 %).

5. The quality of PJSC Ukrainian Professional Bank loan portfolio was at good enough level. As of 01.07.2012 the volume of the reserves generated by Bank under loan impairment has constituted UAH 142,2 million, that is on 11,74 % higher than as of 01.01.2012. Thus for the specified period the indicator loan impairment provisions/loan portfolio increased only by 0,93 p.p. and as of 01.07.2012 has constituted 6,97 % whereas average value of the given indicator on bank system of Ukraine has constituted 20,54 %.

Table 3

Indicators of income and expenses of
PJSC «Ukrainian Professional Bank» in the I half of 2011-2012

th. UAH, %, p.p.

Indicators	I half of 2012	I half of 2011	Change	Growth rate, %
Net interest income	99 098	90 126	8 972	9,95%
Net commission income	8 748	7 714	1 034	13,40%
Net commission income/ Net interest income ratio	8,83%	8,56%	0,27 p.p.	-
Result from operations with securities in the trading portfolio of the bank	(3)	2	-	-
Result from operations with foreign currency	5 413	4 745	668	14,08%
Deductions into provisions from impairment of loans and funds in other banks	(19 575)	(14 020)	5 555	39,62%
Administrative and other operating expenses	(51 085)	(41 490)	9 595	23,13%
Net profit	**32 413**	**32 842**	**-429**	**-1,31%**
ROE, %	5,55%	5,18%	0,37 p.p.	-

Source: data of PJSC «Ukrainian Professional Bank», calculations by RA «Expert-Rating»

6. Following the results of H1 2012 the Bank has shown high financial result. Bank net profit for 6 months of current year made up UAH 32,4 million, that is on 1,31 % less, than for the similar period of 2011. Thus the Agency pays attention to that PJSC Ukrainian Professional Bank still overdid many Ukrainian banks, including the largest ones, in volumes of received profit. ROE of Bank grew by 0,37 p.p. and made up 5,55 %. The net interest income of the Bank increased by 9,95 % or by UAH 8,972 million and following the results of H1 2012 constituted UAH 99,1 million, and the net commission income grew on 13,40 % or by UAH 1,034 million to UAH 8,748 million.

Thus, the main results of activity of PJSC Ukrainian Professional Bank for H1 2012 show its stable development and confirm the positive forecast of the Agency on the credit rating, made by the analytical service in Q1 2012.

The Agency draws special attention to that Bank activity in H1 2012 remained not only profitable, but the Bank practically managed to retain the size of net profit and profitability at the level of the same period of last year that goes to a cut with the trends in bank system.

The bank continues to increase resource base and asset portfolio, expands the regional network. The quality of loan portfolio is at good enough level. The bank continues to redundantly exceed the requirements of regulator on capital minimum values and liquidity norms, which allows it to support good level of solvency and financial stability.

Analytical service of RA Expert Rating