

**Rating action:** Update of a long-term credit rating according to the national scale

Date of rating action: 30.09.2016

Date of publication: 30.09.2016

**The issuer:** PSC Prominvestbank

USREOU code of the issuer: 00039002

Web-site of the issuer: [www.pib.com.ua](http://www.pib.com.ua)



[www.expert-rating.com](http://www.expert-rating.com)

## Rating of PSC Prominvestbank is updated

September 30, 2016 at the meeting of the rating committee of RA “Expert-Rating” it was decided to update a long-term credit rating of PSC Prominvestbank (USREOU code 00039002) at the level **uaAA** according to the Ukrainian national scale. Updating the rating, the Agency was guided by the results of the Bank's activity for the second quarter of 2016, regular and particular information of the Bank as an issuer, as well as by the results of the analysis of separate forms of statistical statements of the Bank for August and the 21 days of September of 2016.

### Equity

The Agency reminds that on 30.06.2016 the key shareholder of PSC Prominvestbank – VEB – additionally converted UAH 1,6 bn (USD 65 mln) into the equity of PSC Prominvestbank. This step of the shareholder enabled the Bank to create a considerable reserve on the regulatory capital adequacy. In the period from August 11 to September 21 the Bank's N2 ratio fluctuated in the range 17,33-18,37%, with the average value on the banking system 13,9% on 01.09.2016. In the same period the Bank's regulatory capital normative N1 fluctuated in the range UAH 6,699-6,977 bn (fig.). Therefore, the actions of VEB clearly justify the Agency's expectations on formation and maintenance of a significant reserve of N2 ratio of PSC Prominvestbank. For the first half of 2016 VEB already twice additionally capitalized PSC Prominvestbank by providing an external support to the Bank.

Table

**Data on dynamics of N2, N5, N6 ratios of PSC Prominvestbank and the average values on the banking system on 01.09.2016**

Date	N2 ratio — regulatory capital adequacy, %	N5 ratio — current liquidity of the bank, %	N6 ratio — short-term liquidity of the bank, %
11.08.2016	18,01	140,21	113,25
22.08.2016	18,37	143,96	119,95
01.09.2016	17,86	131,31	118,99
<b>Average value on the banking system on 01.09.2016*</b>	<b>13,90</b>	<b>86,11</b>	<b>88,55</b>
12.09.2016	17,51	143,65	121,06
21.09.2016	17,33	170,08	135,21

Sources: Data of PSC Prominvestbank and NBU data\*

### External support

The Agency reminds that Vnesheconombank of the RF at the present moment has credit ratings from international rating agencies according to the international scale:

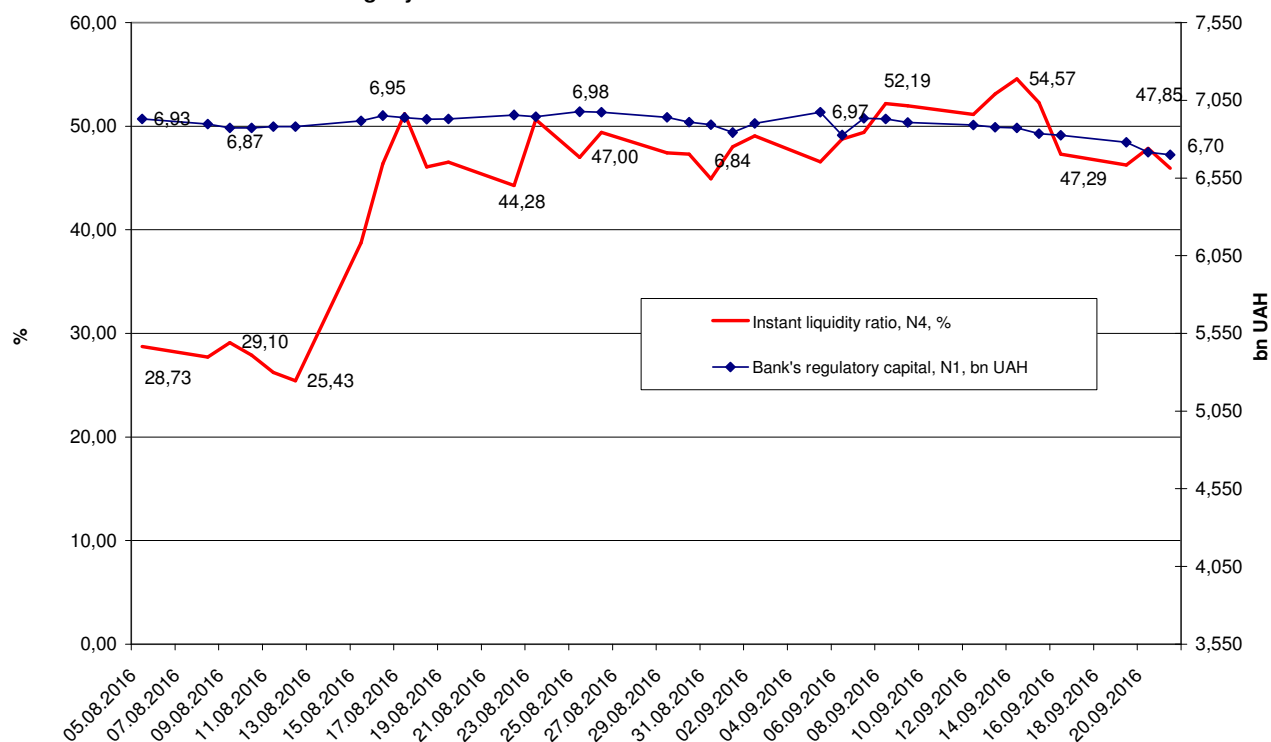
- Standard&Poor's BB+
- Moody's Ba1
- **Fitch BBB-**

The Agency draws attention that Fitch still maintains the ratings of Vnesheconombank of the RF at an investment level according to the international scale. Standard&Poor's and Moody's maintain the VEB's ratings at a barrier level (in one step from the investment level). However, any of the versions of ratings from the international rating agencies is still significantly higher than a sovereign rating of Ukraine that can not but have a positive pressure on the rating of PSC Prominvestbank according to the national (Ukrainian) scale.

## Liquidity

Up to 04.08.2016 the liquidity ratios N4 and N5 of PSC Prominvestbank were in an unbalanced state; that restrained a long-term credit rating of the Bank. But already on 05.08.2016 the situation changed for the better – the Bank's N4 ratio amounted to 28,73%, on the normative date of N5 ratio calculation (11.08.2016) it amounted to 140,21%, and N6 ratio – 113,25% that was considerably higher not only than the limit value set by NBU and also the averages of these norms on the market. In the period from August 05 to September 21 PSC Prominvestbank demonstrated a sustained growth of N4 ratio from 28,73% up to 47,85%. Therefore, the Bank steadily increased the reserve of instant liquidity with respect to the limit value set by NBU (not less 20%).

Fig. Dynamics of N1 and N4 ratios of PSC Prominvestbank



## Other factors

The Agency reminds that on 22.06.2016 Andrey Rozhok began his duties as the Chairman of the Board of PSC Prominvestbank. The new CEO of PSC Prominvestbank has work experience of about 20 years in the banking business in Ukraine, including 18 years working in senior positions in areas of corporate business and treasury operations. The Agency provides a positive assessment to the change of TOP-management, considering such move as strengthening the Bank's management by the manager, who has a great work experience in the realities of the Ukrainian market.

The Agency also positively assesses the dissemination of information by the officials of VEB in August of 2016 about the preparation of PSC Prominvestbank for sale; the announced potential buyers of the Bank, according to preliminary estimates of the Agency, can provide it with external support, if necessary, not less qualitative than VEB. However, the Bank's ratings will be reviewed no earlier than the two sides officially announce a deal, if one will take place.

Additionally, the agency was informed that the bank in full fulfils its commitments.

The Agency believes that at the beginning of August PSC Prominvestbank finally coped with the consequences of information attack, which was conducted on a bank in the first quarter of 2016, the existing risks in the activity of PSC Prominvestbank have overcome political barriers and negative information background around the Bank's activities.

Analytical service of RA "Expert-Rating"