

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

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The issuer: PJSC “CREDIT AGRICOLE BANK”

USREOU code of the issuer: 14361575

Web-site of the issuer: www.credit-agricole.ua



Credit rating of PJSC “CREDIT AGRICOLE BANK” is confirmed

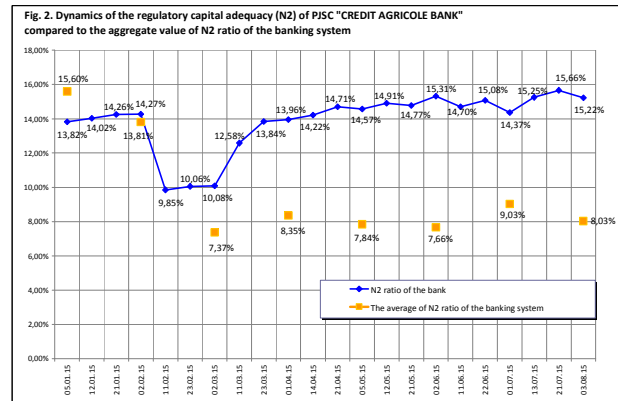
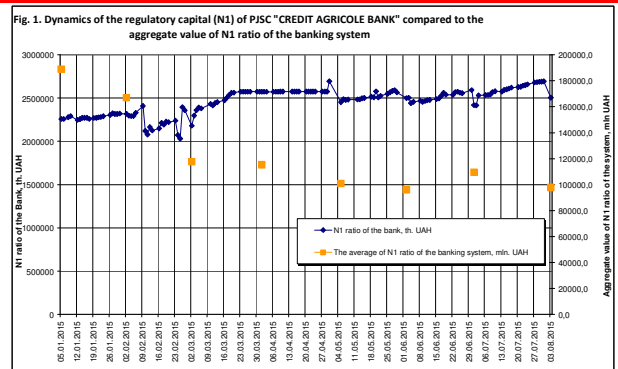
September 04, 2015 the rating committee of RA “Expert-Rating” has decided to confirm the credit rating of PJSC “CREDIT AGRICOLE BANK” (14361575) and the Bank’s bonds at the level **uaAAA** according to the national scale. The borrower with rating **uaAAA** is characterized by the highest solvency compared to other Ukrainian borrowers. Making decision to confirm the credit rating according to the national scale, the Agency was guided by the key results of the Bank’s activity for the first half of 2015, as well as by the conclusions drawn from the analysis of financial and statistical statements of the Bank for the first half and July of 2015.

Equity and capital adequacy

During the first half of 2015 the Bank was better provided with regulatory capital than it was required according to the limit values of equity norms, set by NBU, and than the average value of N2 ratio on the banking system.

Dynamics of the Bank’s regulatory capital (N1) in comparison with the dynamics of the aggregate value of N1 ratio on the banking system indicated that the Bank managed to provide the increase of N1 ratio for the first 7 months of 2015, while the aggregate N1 ratio on the banking system was decreasing. Thus, for the period from 05.01.2015 to 03.08.2015 the Bank’s N1 ratio grew by 10.91%, and the aggregate N1 ratio of the banking system decreased by 48.25%.

Dynamics of the Bank’s N2 ratio corresponded to the average of N2 ratio on the banking system till March of 2015, then the Bank’s N2 ratio considerably grew. Since April of 2015 PJSC “CREDIT AGRICOLE BANK” maintains N2 ratio in the range 14-15% that provides a noticeable reserve of the Bank’s regulatory capital with respect to the limit value, set by NBU, and also much exceeds the average of N2 ratio on the banking system.

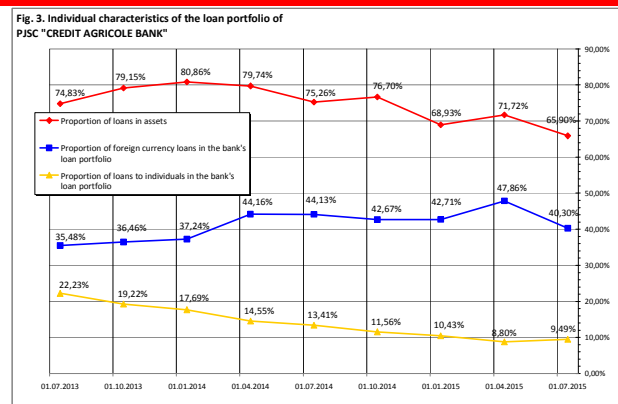


Structure and quality of assets

In the first half of 2015 assets in hryvnia equivalent of PJSC “CREDIT AGRICOLE BANK” grew by 2.45%, customer credits and debt decreased by 2.05%, at the same time loan provisions grew by 57.38%. The proportion of loans in the Bank’s assets for the period from 01.07.2013 to 01.07.2015 decreased from 74.83% down to 65.90%. Nevertheless, loans to clients remained to be the main item of the Bank’s assets.

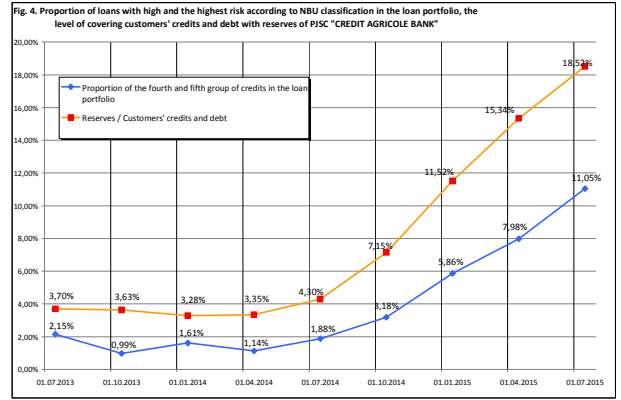
For the same period the proportion of foreign currency loans in the Bank’s loan portfolio grew from 35.48% to 40.30% that is not a lot in terms of significant rates of hryvnia devaluation. However, foreign currency loans occupy a large volume of the Bank’s loan portfolio that is why the quality of its loan portfolio can be sensitive to devaluation processes.

For the period from 01.07.2013 to 01.07.2015 the proportion of loans to individuals in the Bank’s loan portfolio decreased from 22.23% to 9.49%. Under the circumstances of the decrease in business activity and the fall of employment and revenues of population such tendency deserves a positive



assessment.

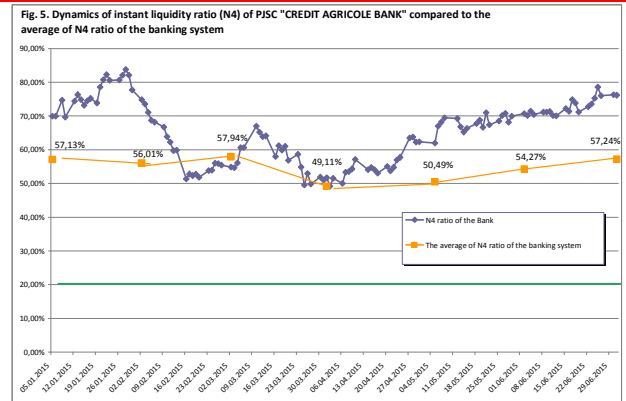
For the period from 01.07.2013 to 01.07.2015 the proportion of non-performing loans (the fourth and fifth groups according to NBU classification) grew from 2.15% to 11.05%. Despite a considerable growth, this indicator in the Bank was significantly lower than the average of the market that indicates a high quality of the Bank's loan portfolio.



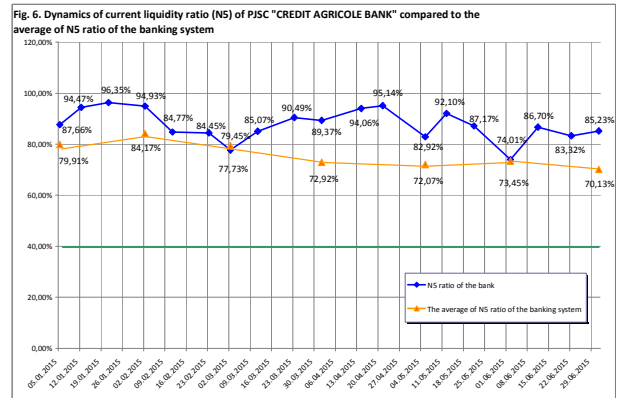
Liquidity

During the first seven months of 2015 PJSC "CREDIT AGRICOLE BANK" was very well provided with liquidity.

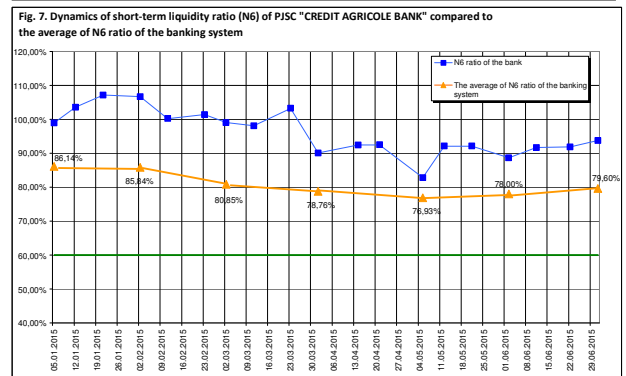
For the period from 05.01.2015 to 03.08.2015 instant liquidity ratio (N4) of the Bank was advantageously higher than the average value of N4 ratio on the banking system of Ukraine. The exception was only the period from the end of February to the first decade of March, when the Bank's N4 ratio was lower by several percentage points than the average of N4 ratio of the banking system. During the entire analysis period the Bank complied with N4 ratio within the normative value, set by NBU.



For the period from 05.01.2015 to 03.08.2015 current liquidity ratio (N5) of the Bank was met within the limit values, set by NBU. As well, the Bank's N5 ratio exceeded the averages of this normative of the banking system, except on 02.03.2015, when the Bank's N5 ratio was maximally close to the average of the normative of the banking system.



For the period from 05.01.2015 to 03.08.2015 short-term liquidity ratio (N6) of the Bank was met within the limit values, set by NBU. During the entire analysis period the Bank's N6 ratio was higher than the average of this normative of the banking system of Ukraine.



In view of the difficult period in Ukrainian economics and the escalating risks in the banking sector related to the decline in the quality of loan portfolios of banks, liquidity management policy in PJSC "CREDIT AGRICOLE BANK" can be considered optimal. On 03.08.2015 the Bank maintained the reserve of N4, N5 and N6 ratios not only with respect to the limit values, set by NBU, but also to the averages of these normative indicators of the banking system of Ukraine.

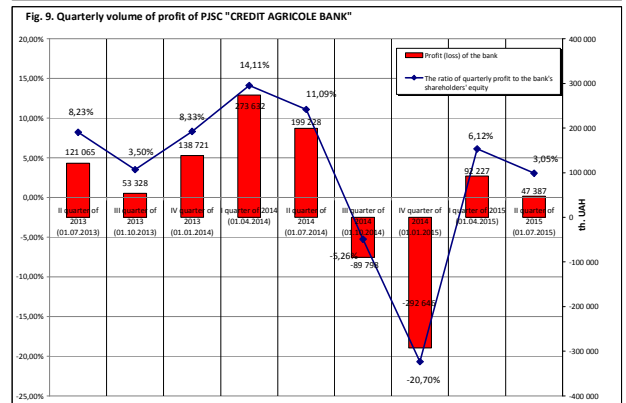
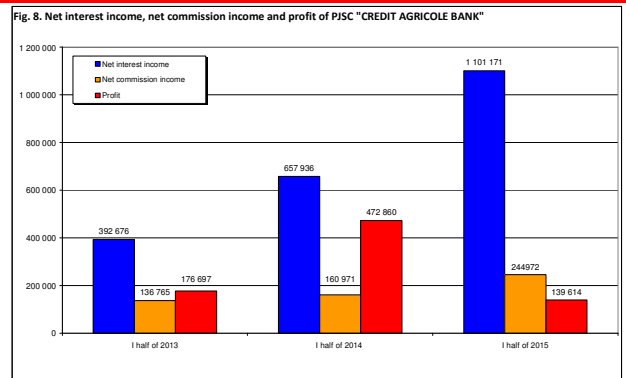
Profitability of operations

PJSC "CREDIT AGRICOLE BANK" finished the first half of 2015 with profit of UAH 139,614 mln that is in 3.39 times less than profit for the first half of 2014.

The Agency draws attention to the Bank's ability to provide a constant increase in net interest income (NII). The Bank's NII for the first half of 2015 was by 67.36% more than for the first half of 2014, and exceeded by 180.42% the value for the first half of 2013.

Analysis of dynamics of the quarterly volume of profit shows that only the third and fourth quarters of 2014 were unprofitable for the Bank. The first and second quarters of 2015 were profitable for the Bank that deserves a positive assessment.

The above statistics indicates the Bank's ability to generate key items of revenues under difficult economic conditions that proves the resistance of the Bank's business-model to stressful phenomena.



Other factors

Verification on public databases of the State Fiscal Service showed that with respect to the Bank there are no court decisions which had a significant impact on its stability or the results of its work.

Generalization

As of 04.09.2015 PJSC "CREDIT AGRICOLE BANK" performed its commitments to clients and lenders according to the current legislation.

PJSC "CREDIT AGRICOLE BANK" was well provided with regulatory capital. For the period from 05.01.2015 to 03.08.015 the Bank's N1 ratio grew by 10.91%. Since April of 2015 PJSC "CREDIT AGRICOLE BANK" maintains the normative of the regulatory capital adequacy (N2) in the range 14-15%.

For the period from 01.07.2013 to 01.07.2015 the proportion of non-performing loans (the fourth and fifth groups according to NBU classification) grew from 2.15% to 11.05%. Despite a considerable growth, this indicator in the Bank was significantly lower than the average of the market that indicates a high quality of the Bank's loan portfolio.

At the beginning of August of 2015 PJSC "CREDIT AGRICOLE BANK" maintained the reserve of N4, N5 and N6 ratios not only with respect to the limit values, set by NBU, but also to the averages of these normative indicators of the banking system of Ukraine.

PJSC "CREDIT AGRICOLE BANK" finished the first half of 2015 with profit of UAH 139.614 mln that is in 3.39 times less than profit for the first half of 2014. The Agency draws attention to the Bank's ability to provide a constant increase in net interest income (NII). The Bank's NII for the first half of 2015 was by 67.36% more than for the first half of 2014, and exceeded by 180.42% the value for the first half of 2013. In the Agency's opinion, that proves the resistance of the Bank's business-model to stressful phenomena.

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