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PRESS-RELEASE

(Translation from Russian)

The credit rating of PJSC «Kreditprombank» is confirmed at the level uaA-

September 04, 2012 RA «Expert-Rating» has decided to confirm the credit rating of PJSC «Kreditprombank» at the level **uaA-** according to the national scale. The borrower with rating **uaA-** is characterized by a high solvency in comparison with other Ukrainian borrowers. Making decision about confirming the credit rating according to the national scale, the Agency was guided by the key results of the Bank's activity in the 1 half of 2012.

Table 1

Key balance sheet indicators of PJSC «Kreditprombank» in the I half of 2012, th. UAH, %, p.p.

Indicators	01.07.2012	01.01.2012	Change	Growth rate, %
Shareholders' equity	2 144 075	2 115 151	28 924	1,37%
Authorized capital	2 635 939	2 635 939	0	0,00%
Shareholders' equity/Assets ratio, %	17,04%	16,93%	0,11 p.p.	-
Total liabilities	10 438 947	10 378 329	60 618	0,58%
<i>Including liabilities in foreign currency</i>	<i>5 333 257</i>	<i>5 303 961</i>	<i>29 296</i>	<i>0,55%</i>
Funds of banks	2 024 686	2 007 980	16 706	0,83%
Funds of individuals	5 347 975	5 354 027	-6 052	-0,11%
Funds of legal entities	1 865 938	1 717 139	148 799	8,67%
Total assets	12 583 022	12 493 480	89 542	0,72%
Liquid assets (Cash and cash equivalents + Trading securities + Funds in other banks)	1 471 845	1 270 271	201 574	15,87%
Customer credits and debt	9 928 390	9 917 851	10 539	0,11%
<i>Including customer credits and debt in foreign currency</i>	<i>3 495 436</i>	<i>3 474 391</i>	<i>21 045</i>	<i>0,61%</i>
Loan provisions	(2 147 342)	(2 334 122)	-186 780	-8,00%
Loan provisions/ customer credits and debt ratio, %	21,63%	23,53%	-1,91 p.p.	-
Securities (Securities for sale + Securities for redemption)	691 428	679 632	11 796	1,74%
Securities provision (for sale + for redemption)	(17 473)	(25 894)	-8 421	-32,52%
Liquid assets/Liabilities ratio, %	14,10%	12,24%	1,86 p.p.	-

Source: data of PJSC «Kreditprombank», calculations by RA «Expert-Rating»

1. The first half of 2012 has been characterized by a moderate growth of key balance sheet indicators of PJSC «Kreditprombank». In the period from 01.01.2012 to 01.07.2012 the bank's assets have increased by UAH 89,5 mln or by 0,72% up to UAH 12,583 bn, liabilities have grown by UAH 60,6 mln or by 0,58% up to UAH 10,439 bn, shareholders' equity has increased by UAH 28,9 mln or by 1,37% and has amounted to UAH 2,144 bn as of 01.07.2012. The Bank's active position of introducing new credit products has enabled to break the trend of reducing the volume of lending and to increase the loan portfolio by UAH 10,5 mln or by 0,11%: from UAH 9,918 bn as of 01.01.2012 up to UAH 9,928 bn as of 01.07.2012.

2. Among the key components of the Bank's resource base, the funds of legal entities have demonstrated the highest growth rate and have increased by 8,67% or by UAH 148,8 mln in the period from 01.01.2012 to 01.07.2012 and have reached UAH 1,866 bn. Particularly, according to the information of Kreditprombank the funds, raised by the Bank from budget organizations, have reached to UAH 72,2 mln in the I half of 2012. Funds, raised by the Bank in the interbank market, have increased by 0,83% or by UAH 16,706 mln up to UAH 2,025 bn. At the same time, funds of individuals at the Bank's accounts have slightly decreased (by 0,11% or by UAH 6,052 mln) down to UAH 5,348 bn. Therefore, as of 01.07.2012 key components of the Bank's liabilities have occupied the following proportions: funds of individuals – 51,23%, funds of legal entities – 17,87%, funds of banks – 19,40% that enables as a whole to positively estimate the diversification level of the Bank's resource base.

3. Norms of the Bank's equity (N1, N2, N3) indicate the Bank's excessive performing the NBU requirements to its limit indicators. The Agency reminds that due to a considerable increase in the Bank's

authorized capital in 2011 the norms N1, N2, N3 have also increased. At the same time, during the last 12 months (in the period from 01.07.2011 to 01.07.2012) there has been some decrease in these norms. Thus, as of 01.07.2012 the norm of the regulatory capital adequacy (N2) has amounted to 13,45% (the limit indicator – not less 10%) that is by 3,65 p.p. less than as of 01.07.2011. The norm of the ratio of regulatory capital to total assets (N3) has decreased from 12,84% as of 01.07.2011 down to 10,62% as of 01.07.2012, with the norm indicator – not less 9%.

Table 2

Key norms of PJSC «Kreditprombank» 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.	1 566 534	-	2 136 430	-	-569 896
Regulatory capital adequacy (N2), %	Not less 10%	13,47%	17,98%	17,10%	19,20%	-3,65 p.p.
Regulatory capital/Total assets ratio (N3), %	Not less 9%	10,62%	14,58%	12,84%	14,65%	-2,22 p.p.
Instant liquidity (N4), %	Not less 20%	49,78%	52,75%	80,84%	54,30%	-31,06 p.p.
Current liquidity (N5), %	Not less 40%	59,22%	70,75%	102,74%	73,02%	-43,52 p.p.
Short-term liquidity (N6), %	Not less 60%	75,65%	94,46%	77,51%	89,34%	-1,86 p.p.
Norm of large loan risks (N8), %	Not more 800%	431,12%	178,68%	280,71%	148,37%	150,41 p.p.
Norm of the maximum amount of loans, guarantees and sureties, issued to the insiders (N10), %	Not more 30%	0,35%	2,99%	0,22%	2,36%	0,13 p.p.

Source: data of PJSC «Kreditprombank», NBU, calculations by RA «Expert-Rating»

4. Indicators of the bank's liquidity, despite some decrease, still excessively exceed the limit indicators, set by the regulator. Thus, in the period from 01.07.2011 to 01.07.2012 the norm of instant liquidity (N4) has decreased from 80,84% down to 49,78% (the required indicator – not less 20%). The norm of current liquidity (N5) has reduced by 43,52 p.p.: from 102,74% as of 01.07.2011 down to 59,22% as of 01.07.2012 (the limit indicator – not less 40%). The norm of short-term liquidity has remained almost unchanged and has amounted to 75,65% as of 01.07.2012, that is by 1,86 p.p. less, than as of 01.07.2011.

5. The ratio of loan provisions to the Bank's loan portfolio has amounted to 21,63% as of 01.07.2012 that almost corresponds to the average indicator on the banking system of Ukraine (20,54%).

6. Net profit of the Bank has increased by 20,59% or by UAH 277 th. according to the results of the I half of 2012, compared to the same period of 2011 and has amounted to UAH 1,622 mln. The increase in net commission income of the Bank (by 14,62% or by UAH 7,085 mln) should be emphasized from among key factors of the profit growth.

Table 3

Indicators of income and expenses of PJSC «Kreditprombank» 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	140 833	212 150	-71 317	-33,62%
Net commission income	55 531	48 446	7 085	14,62%
Net commission income/ Net interest income ratio	39,43%	22,84%	16,59 p.p.	-
Result from operations with securities in the trading portfolio of the bank	-	15	-	-
Result from operations with foreign currency	(3 373)	8 648	-	-
Deductions into provisions from impairment of loans and funds in other banks	(11 582)	(78 862)	-67 280	-85,31%
Administrative and other operating expenses	(217 283)	(208 992)	8 291	3,97%
Net profit	1 622	1 345	277	20,59%
ROE, %	0,08%	0,06%	0,02 p.p.	-

Source: data of PJSC «Kreditprombank», calculations by RA «Expert-Rating»

Therefore, the analysis of key performance indicators of PJSC «Kreditprombank» demonstrates positive trends of its development according to the results of the I half of 2012. The Bank stably generates its profit, raises resources and increases the portfolio of active operations. And high indicators of liquidity, against the background of the adequate level of capitalization, enable the Bank to timely perform the undertaken obligations.

Analytical service of RA «Expert-Rating»