

26.12.2014

Ratings are assigned to PJSC «VTB Bank»

December 26, 2014 at the meeting of the Rating committee it was decided to assign the credit rating at the level **uaAA+** according to the national Ukrainian scale to PJSC “VTB Bank” (14359319). The same level of the long-term credit rating has been assigned to the Bank’s bonds of Series C, D, E, F and J. The borrower and the separate bond instrument with rating uaAA+ is characterized by a very high solvency compared to other Ukrainian borrowers or bond instruments. The Agency has also decided to assign the rating at the level **ua1** the highest of the possible to the deposits of PJSC “VTB Bank”.

Summarizing the results of the rating and assigning such a high level of long-term credit rating, the Agency was guided by the following key conclusions:

1. Analysis of the work scale of PJSC “VTB Bank” shows that in 2014 the Bank has stably entered the TOP-15 of the largest banks of Ukraine by asset volume. Assets of PJSC “VTB Bank” have occupied 2.4% of the total gross volume of assets of all the Ukrainian banks. Such work scales confirm that PJSC “VTB Bank” refers to the category of key players in the banking services market of Ukraine. The fact that under difficult economic conditions for the 9 months of 2014 PJSC “VTB Bank” has managed to increase the proportion of its assets and liabilities in the banking system of Ukraine.

2. PJSC “VTB Bank” has had a very high level of external support from the VTB group, which possesses an international network comprising more than 30 banks and financial companies in more than 20 countries of the world. In Spring of 2013 Russian OJSC “Bank VTB” reduced the proportion of the government in the authorized capital from 75.5% down to 60.9% and attracted in the number of minority shareholders such players as Central Bank of Norway, the sovereign fund of Qatar, the State Oil Fund of Azerbaijan Republic. PJSC “VTB Bank” has generally complied with the capital norms, but has made small deviations in 2014 that has been caused by the hryvnia devaluation. The planned volume of the additional capitalization of PJSC “VTB Bank” in the first quarter of 2015 will provide a comfortable reserve on the equity norms N2 and N3.

3. As of 30.09.2014, 79.49% of the Bank’s assets have been represented by customer credits and debt. 92.4% of loans have accounted for loans to legal entities. On 30.09.2014 17% of loans have belonged to the non-performing loans, thus to the IV and V categories of quality by NBU classification. This level of the NPL may be considered close to the average of the market. The Agency assesses the asset quality of PJSC “VTB Bank” as acceptable, which corresponds to the adverse macroeconomic environment, in which the Bank operates.

4. The Agency makes a conclusion that during the 11 months of 2014 PJSC “VTB Bank” has been well provided with liquidity. Despite a volatility of the liquidity norms N4 and N5, the Bank hasn’t gone beyond the limits, set by NBU. The planning additional capitalization of the Bank in the Q1 of 2014 should positively affect all the liquidity norms of PJSC “VTB Bank” and will increase their reserve with respect to the limit value.

5. For the 9 months of 2014 the Bank has demonstrated not only the profitable work, but has also achieved the increase in net profit by 97.22%. The Bank’s ability to generate profit under unfavorable market conditions and the fall of business activity deserves a positive assessment and positively affects the Bank’s credit rating.

6. The Agency highly appreciates the qualification of the team of executive directors (the Management Board) of the Bank, whose members have work experience in Ukraine and abroad. In the past members of the Bank’s Management Board had work experience in such financial institutes as: EBRD, Raiffeisen Bank International AG, Credit Agricole, CB “ING Bank Ukraine” and Oshadbank.

Analytical service of RA «Expert-Rating»