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PRESS RELEASE

RA Expert Rating confirms the credit rating of Kreditprombank at the level uaBBB following the results of the 1 half of 2011

August, 31th, 2011 RA Expert Rating confirms credit rating of PJSC 'Kreditprombank' according to the national scale at the level **uaBBB**.

Table

Key Performance Indicators of PJSC 'Kreditprombank' (th. UAH., %)

Indicator	6 months of 2011 (01.07.2011)	6 months of 2010 (01.07.2010)	Change, th. grn., p.p.	Growth rate, %
Total Assets	14993120	13822606	1170514	8,47
Cash and cash equivalents	1686701	1572057	114644	7,29
Loans and debts of customers	11326102	11755565	(429463)	(3,65)
Loans provisions	(1644831)	(1483438)	161393	10,88
Total liabilities	13137532	11975434	1162098	9,70
Due to other banks	2640291	3477547	(837256)	(24,08)
Funds of legal entities	2156875	1181188	975687	82,60
Funds of individuals	5490547	3613083	1877464	51,96
Shareholders' equity	1855589	1847172	8417	0,46
Net interest income	212150	253388	(41238)	(16,27)
Net income (loss)	1345	14943	(13598)	(91,00)
Loans reserves/ loan portfolio, %	14,52	12,62	1,9 p.p.	-
Equity/Assets ratio, %	12,38	13,36	(0,98 p.p.)	-
ROE, %	0,07	0,81	(0,74 p.p.)	-

Source: NBU data, RA Expert Rating calculations

Confirming the credit rating, the Agency was based on the results data of the Bank activity for the 1 half of 2011:

1. The Bank assets make UAH 14,9 bln. as of 01.07.2011 after having been increased by 8,47% for the last 12 months. The volume of Bank liquid assets during the considered period has grown on 7,29 % and has constituted UAH 1,7 bln. on 01.07.2011. At the same time the volume of Bank credit portfolio continued reducing in the Q2 of the current year as well as in the Q1. As a result, the volume of loans and debts of Bank clients has made UAH 11,3 bln. on 01.07.2011, that at UAH 429,5 mln. or 3,65% less, than in the Q2 of the last year. Despite that, the Bank has continued building up loans provisions and their volume has constituted UAH 1,6 bln. or 14,52% of the credit portfolio, that at 10,88% more than last year.

2. The rate of Bank liabilities growth in the 1 half of 2011 in comparison to the 1 half of 2010 has made 9,7%. In the analyzed period the means attracted by the Bank from legal entities has

shown the greatest growth rate which is 82,6%. The tendency of increasing the volumes of funds from individuals has continued. Their growth rate has made 51,96% that is equal to UAH 1,9 bln. Meanwhile there has been a reduction of Bank liabilities to other banks which has made 24,08% or UAH 837,3 mln. in comparison to the 1 half of 2010. At the end of July – at the beginning of August the Bank has repaid UAH 303,47 mln. of NBU refinancing, including UAH 295,28 mln. in advance. Besides, the Bank has revised repayment schedule in reducing the maturity of NBU refinancing. The Bank will repay another UAH 147 mln., including UAH 64,3 mln. in advance.

3. As of the end of the 1 half of 2011 total equity of the Bank has made UAH 1,86 bln. that at 0,46% more than in the same period of 2010. But the indicator of capital adequacy has decreased on 0,98 p.p. and has made 12,38% by reason of exceeding the growth rate of assets over the pace of capital Bank growth. This figure still indicates an acceptable level of Bank solvency. It's necessary to admit that Kreditprombank has managed to keep a positive trend that reflects its ability to stable generating of income under conditions of slow national economic recovery.

4. The Agency reminds that in June 2011 the Antimonopoly Committee of Ukraine agreed on a scheme accession of the European Bank for Reconstruction and Development (EBRD) in the capital Kreditprombank: Cyprus Company “Kaluma Holdings Ltd.” received permission to purchase shares of Kreditprombank in the volume which exceeds 25% of the votes in the supreme governing body of the bank. Besides, it was provided the permission to EBRD as for share purchase of “Kaluma Holdings Ltd.” in the volume which exceeds 25% of the votes in the supreme governing body of the company. At a general meeting of shareholders of Kreditprombank on 08.06.2011 there was made a decision about the increase of share capital on 46,2% or UAH 850 mln. – to UAH 2,688 bln. by an additional share issue. The Agency expects that this public offering will be held in the 2 half of 2011.

Thus, the Agency positively estimates current financial condition of PJSC ‘Kreditprombank’ since major indicators of its activity have shown a good dynamics for the analyzed period. The bank is characterized by a good ability to raise funds of individuals as well as funds of legal entities that indicates a high level of its competitiveness in this segment of banking services market. A volume rise of highly liquid assets and a sufficient level of capitalization allows Kreditprombank maintain an adequate level of liquidity and solvency. The fact of joining EBRD in shareholding structure of Kreditprombank may be the reason for improving its credit rating in future.

Analytical service of RA Expert Rating