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07.11.2012

PRESS RELEASE

The credit rating of JSC ASTRA BANK is confirmed

On November, 7th, 2012 the rating committee of RA Expert Rating took the decision on confirmation of the credit rating of JSC ASTRA BANK (USREOU code 35590956) on the national scale at the level **uaA +**. The borrower with the rating **uaA +** is characterized by high credit status compared with other Ukrainian borrowers. When taking decision on the confirmation of credit rating at the national scale, the Agency was guided by main results of Bank work for 9 months of 2012.

Table 1

Key balance sheet indicators of JSC ASTRABANK for 9 m 2012, UAH th., %, p.p.

th. UAH, %, p.p.

Indicators	01.10.2012	01.01.2012	Change	Growth rate, %
Shareholders' equity	**1 100 119**	**1 095 812**	**4 307**	**0,39%**
Authorized capital	1 050 000	1 050 000	0	0,00%
Shareholders equity/assets, %	60,84%	63,44%	-2,60 p.p.	-
Total liabilities	**708 150**	**631 590**	**76 560**	**12,12%**
Incl. liabilities in foreign currency	192 138	217 376	-25 238	-11,61%
Funds of banks	64 948	161 686	-96 738	-59,83%
Funds of individuals	392 312	266 895	125 417	46,99%
Funds of legal persons	222 665	178 234	44 431	24,93%
Total assets	**1 808 269**	**1 727 402**	**80 867**	**4,68%**
Liquid assets (Cash and cash equivalent + trade securities + Funds in other banks)	127 056	216 652	-89 596	-41,35%
Loans and debts of the clients	**1 063 321**	**974 202**	**89 119**	**9,15%**
Incl. loans and debts of the clients in foreign currency	63 427	40 931	22 496	54,96%
Reserves under loans impairment	(156 169)	(140 356)	15 813	11,27%
Reserves under loans impairment/loans and debts of clients, %	14,69%	14,41%	0,28 p.p.	-
Securities (to sale + to redeem)	527 244	480 342	46 902	9,76%
Reserves under impairment of securities (to sales + to redeem)	0	0	0	-
Liquid assets/liabilities, %	**17,94%**	**34,30%**	**-16,36 p.p.**	**-**

Source: data by JSC ASTRABANK, calculation by RA Expert Rating

1. In Q3 2012 the Public Joint Stock Company ASTRA BANK continued to increase volumes of active and passive operations. As of 01.10.2012 the assets of the Bank reached UAH 1,808 billion, that is on 4,68 % higher than as of 01.01.2012. Securities portfolio of JSC ASTRA BANK for the analyzed period grew by 9,76 % or on UAH 46,9 million and as of 01.10.2012 made up UAH 527,2 million. The credit portfolio of the Bank from the beginning of current year has grown on 9,15 % or by 89,1 million, thanks to which its volume exceeded the amount of UAH 1 billion and as of 01.10.2012 constituted UAH 1,063 billion. At the same time the cumulative credit portfolio of the banks of Ukraine for the same period grew on the average by 1,25 %. It should be noted that during the period from 01.01.2012 to 01.10.2012 growth rate of the credits issued by JSC ASTRA BANK to legal entities, constituted 23,68 %, to individuals - 2,29 %.

In 2012 JSC ASTRA BANK significantly increased operations in the sector of corporate crediting and, in particular, in the area of crediting the enterprises of agricultural industries. In January-August of the current year JSC ASTRA BANK issued more than UAH 120 million of credits to the enterprises of agrarian and industrial complex, which is on 25 % greater compared with the similar period of the last year. Thus prevailing share of Bank credit portfolio are loans to natural persons: as of 01.10.2012 the credits to natural persons occupied 63,7 % from the total amount of JSC ASTRA BANK credit portfolio.

2. During the period from 01.01.2012 to 01.10.2012 the volume of JSC ASTRA BANK liabilities increased by 12,12 % - to UAH 708,2 million. Thus among the funds attracted by the Bank, the highest growth rate was shown by the funds of natural persons which volume has grown by 46,99 % or on 125,4 million, and as of 01.10.2012 has constituted 392,3 million. High enough growth indicator has been noted in relation of the funds of legal persons, which increased to 222,7 million or on 24,93 % whereas the funds attracted by JSC ASTRA BANK on the interbank market, decreased by 59,83 % - to 64,9 million At the same time growth rate of total volume of the funds attracted by the banks of Ukraine for the same period from the natural persons, has constituted 14,02 %, and funds of legal entities decreased to 2,73%. Thus, growth dynamics of key components of JSC ASTRA BANK resource base not only was positive, but also has considerably exceeded the average market indicators.

3. Despite exclusively high level of capitalization, JSC ASTRA BANK continued to replenish shareholders' equity. So, during the period from 01.01.2012 to 01.10.2012 its volume grew on 0,39 % or by 4,307 million - to UAH 1,1 billion. Also the growth of Bank regulatory capital (H1) has been noted: for the last 12 months (from 03.10.2011 to 01.10.2012) its volume increased by 2,82 % or by UAH 30,7 million - to UAH 1,117 billion. The norms H2 and H3, despite some decrease occurred during the period from 03.10.2011 to 01.10.2012, still essentially exceeded regulator's requirements to their minimum values and average indexes on bank system of Ukraine. So, as of 01.10.2012 the norm of regulatory capital adequacy (H2) has constituted 89,83 % (at required value of not less than 10 %, and at average index on bank system - 18,24 %), and the norm of regulatory capital/total assets ratio (H3) was at level of 56,53% (at standard indicator - not less than 9 %, and average market value - 14,86 %).

Table 2

Key normative values of JSC ASTRABANK following the results of 9 months 2012

th. UAH, %, p.p.

Normative value	NBU established normative value	01.10.2012		03.10.2011		Change UAH th., p.p.
		Bank value	Average in the system	Bank value	Average in the system	
Regulatory capital **(H1)**, UAH th.	**Not less than UAH 120 000 th.**	1 117 039	-	1 086 382	-	30 657
Capital adequacy ratio **(H2)**, %	**Not less 10%**	89,83%	18,24%	116,14%	18,87%	-26,31 p.p.
Regulatory capital/total assets **(H3)**, %	**Not less 9%**	56,53%	14,86%	61,27%	14,96%	-4,74 p.p.
Instant liquidity **(H4)**, %	**Not less 20%**	53,54%	57,88%	88,72%	52,68%	-35,18 p.p.
Current liquidity **(H5)**, %	**Not less 40%**	225,93%	78,39%	54,72%	67,46%	171,21 p.p.
Short term liquidity **(H6)**, %	**Not less 60%**	150,46%	90,41%	156,68%	91,71%	-6,22 p.p.
Large credit risks norm **(H8)**, %	**Not more than 800%**	0,00%	169,95%	0,00%	160,31%	0,00 p.p.
Norm of maximal amount of loans, warranties and sureties issued to insiders **(H10)**, %	**Not more than 30%**	0,14%	2,54%	0,33%	2,34%	-0,19 p.p.

Source: data by PJSC ASTRABANK, NBU, calculation by RA Expert Rating

4. As of 01.10.2012 norms of liquidity of JSC ASTRA BANK, as well as norms of capital, still several times exceeded NBU requirements to their minimum values. So, at the required value of 'not less than 20 %' the norm of instant bank liquidity (H4) constituted 53,54 %, the norm of current liquidity of Bank (H5), at threshold indicator of 'not less than 40 %' and average value on bank system of Ukraine at the level of 78,39 %, has constituted 225,93 %, and the norm of short-term liquidity (H6) has constituted 150,46 % (at threshold of not less than 60 %, and average value on the system - 90,41 %).

5. The quality of JSC ASTRA BANK assets was at good enough level. As of 01.10.2012 the indicator of Bank provisions under loan impairment/ loan portfolio ratio constituted 14,69 %, at average value on bank system of Ukraine at level of 20,12 %. Thus credits and indebtedness of JSC ASTRA BANK clients as of 01.10.2012 constituted 58,8 % of assets, securities portfolio share in the assets of Bank was 29,2%. According to the financial statement of JSC ASTRA BANK for Q3 2012, 68,19 % of credit operations of the Bank have been classified as 'standard' (UAH 472,363 million) and 'controllable' (UAH 428,270 million). Thus, the prevailing share of credit operations of Bank was of rather high quality.

Table 3

Separate indicators of incomes and expenses of JSC ASTRABANK in 9 m 2011-2012

th. UAH, %, p.p.

Indicators	9m 2012	9m 2011	Change	Growth rate , %
Net interest income	142 804	98 404	44 400	45,12%
Net commission income	10 424	29 192	-18 768	-64,29%
Net commission income / Net interest income	7,30%	29,67%	-22,37 p.p.	-
Results from securities trading in Bank trade portfolio	983	5 046	-4 063	-80,52%
Results from foreign exchange operations	2 373	1 740	633	36,38%
Provisioning under loan and funds in other banks impairment	(20 537)	(17 310)	3 227	18,64%
Administrative and other operative costs	(107 408)	(101 532)	5 876	5,79%
Net profit (loss)	**21 135**	**15 447**	**5 688**	**36,82%**
ROE, %	1,92%	1,41%	0,51 p.p.	-

Source: data by JSC ASTRABANK, calculations by RA Expert Rating

6. JSC ASTRA BANK shows high growth rates of profit. So, for the 9 months of 2012 the net profit of JSC ASTRA BANK reached UAH 21,135 million, that is on 36,82 % or on 5,688 million higher than for the same period of 2011. Thus the Bank managed to maintain good profit indicators within the first three quarters of the current year. So, for Q1 2012 net profit of the Bank constituted UAH 6,170 million, for Q2 - UAH 6,161 million, for Q3 - UAH 8,805 million. The essential increase in net interest income which volume following the results of 9 months of the current year in comparison with the same period of the last year has grown on 45,12 % or on 44,4 million, became the key factor of Bank profit increase to UAH 142,8 million.

Thus, main results of activity of JSC ASTRA BANK for 9 months 2012 have shown positive dynamics of its development. The bank successfully increased resource base and volumes of active operations. Growth rates of Bank credit portfolio, and the funds attracted by JSC ASTRA BANK from natural and legal persons, considerably exceeded the average market indicators. The bank stably increments the profits and shows high level of excessive capitalization and liquidity that proves to conservative policy of top management and allows the Bank to support high level of financial strength and solvency.

Analytical service of RA Expert Rating