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05/12/2018

**Ratings of PJSC “Kredobank” are updated at the level uaAAA**

December 5, 2018 at the meeting of the rating committee of RA “Standard-Rating” it was decided to confirm the ratings of PJSC «KREDOBANK» (09807862) at the level uaAAA according to the national scale:

* Long-term credit rating of PJSC «KREDOBANK» at the level uaAAA according to the national scale. The Bank or the separate bond instrument with rating uaAAA is characterized by the highest solvency compared to other Ukrainian borrowers or bond instruments.
* Short-term credit rating of PJSC «KREDOBANK» at the level uaK1 according to the Agency’s national scale.
* Rating of deposits of PJSC «KREDOBANK» is confirmed at the level ua.1 according to the scale of RA «Standard-Rating».
* Rating of bonds of Series A and B is confirmed at the level uaAAA according to the national scale.

The decision to update the ratings of PJSC «KREDOBANK» has been made according to the results of the analysis of the Bank’s activity for the 9 months of 2018, regular and particular information of the Bank as an issuer of securities and separate forms of statistical statements of the Bank for January-October, 2018.

1. As of 01.10.2018 compared to 01.01.2018 the Bank’s key balance sheet indicators have demonstrated different upward dynamics. Assets of PJSC «KREDOBANK» have increased by 14,53% up to UAH 16,386 bn, the loan portfolio in hryvnia equivalent has grown by 22,01%: from UAH 7,857 bn up to UAH 9,586 bn. The Agency notes that during the 9 months of 2018 there were no considerable changes in the structure of balance sheet indicators of PJSC «KREDOBANK». But one should draw attention to a noticeable increase in the Bank’s loan portfolio and such liquid balance sheet item as “cash and its equivalents”.

Table 1

**Key balance sheet indicators of PJSC «KREDOBANK», th. UAH, %, p.p.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Indicator | 01.10.2018 | | 01.01.2018 | | Growth rate, % |
| Th. UAH | % | Th. UAH | % |
| Funds of banks | 1 940 288 | 11,84% | 1 585 372 | 11,08% | 22,39% |
| Funds of legal entities | 5 911 075 | 36,07% | 5 770 145 | 40,33% | 2,44% |
| Funds of individuals | 5 843 376 | 35,66% | 4 872 272 | 34,05% | 19,93% |
| **Total liabilities:** | **14 531 252** | **88,68%** | **12 804 172** | **89,49%** | **13,49%** |
| Authorized capital of the bank | 2 248 969 | 13,72% | 2 248 969 | 15,72% | - |
| **Total shareholders’ equity:** | **1 854 965** | **11,32%** | **1 503 496** | **10,51%** | **23,38%** |
| Cash and its equivalents | 999 833 | 6,10% | 820 549 | 5,74% | 21,85% |
| Funds in other banks | 1 346 905 | 8,22% | 1 344 845 | 9,40% | 0,15% |
| **Customer credits and debt** | **9 586 073** | **58,50%** | **7 856 641** | **54,91%** | **22,01%** |
| Securities at fair value through other comprehensive income | 2 264 107 | 13,82% | 1 996 362 | 13,95% | 13,41% |
| Securities accounted at amortized cost | 939 921 | 5,74% | 1 285 514 | 8,98% | -26,88% |
| Fixed assets and intangible assets | 941 271 | 5,74% | 833 511 | 5,83% | 12,93% |
| Other financial assets | 109 215 | 0,67% | 31 017 | 0,22% | 252,11% |
| **Total assets:** | **16 386 216** | **100%** | **14 307 668** | **100%** | **14,53%** |

2. Regulatory capital normative of PJSC «KREDOBANK» as of 01.10.2018 has amounted to UAH 1,747 bn. that is significantly higher than the limit value of N1 ratio, set by NBU, even including the increase of the normative up to UAH 200 mln since 11.07.2017. As of 01.11.2018 the Bank’s N1 ratio has amounted to UAH 1,792 bn. Therefore, PJSC «KREDOBANK» has maintained a noticeable volume of the reserve on N1 ratio, and a current amount of the Bank’s N1 ratio indicates the fact that the probability of the Bank’s non-compliance of this normative in 2018 is reduced to zero.

As of 01.10.2018 the regulatory capital adequacy normative of the Bank has amounted to 15,83% that is by 5,83 p.p. more than the limit value, set by NBU, and by 0,1 p.p. more than the average of N2 ratio on the banking system. As of 01.11.2018 the regulatory capital adequacy normative of PJSC «KREDOBANK» has amounted to 16,21% with the average of 15,73% on the banking system. The Agency provides a positive assessment to the Bank’s conservative policy of regulatory capital management.

Table 2

**Key norms of PJSC «KREDOBANK», mln. UAH, %, p.p.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Indicator | Normative indicator | 01.10.2018 | | 01.01.2018 | |
| on the system | bank | on the system | bank |
|
| Regulatory capital (N1) | >200 mln | - | 1 746 512 | - | 1 410 537 |
| Norm of regulatory capital adequacy (N2) | >10% | 15,73% | 15,83% | 16,10% | 15,27% |
| Norm of instant liquidity (N4) | >20% | 70,03% | 31,58% | 55,55% | 29,30% |
| Norm of current liquidity (N5) | >40% | 102,12% | 47,11% | 108,08% | 47,62% |
| Norm of short-term liquidity (N6) | >60% | 95,54% | 67,73% | 98,37% | 68,90% |
| Norm of the maximum amount of credit risk per one counterparty (N7) | <25% | 20,06% | 4,00% | 20,29% | 5,38% |
| Norm of large loan risks (N8) | <800% | 172,28% | 0,00% | 208,31% | 0,00% |

3. Liquidity ratios of PJSC «KREDOBANK» for the period from 01.01.2018 to 01.10.2018 have shown the following changes:

* Instant liquidity ratio (N4) has increased from 29,30% up to 31,58%;
* Current liquidity ratio (N5) has decreased from 47,62% down to 47,11%;
* Short-term liquidity ratio (N6) has reduced from 68,9% down to 67,73%.

Despite some decrease of liquidity ratios, the Bank has maintained a good reserve on these norms, which have exceeded the limit values, set by NBU.

Besides, it should be noted that PJSC «KREDOBANK» on 01.11.2018 has also strictly adhered to liquidity ratios N4, N5 and N6. As of 01.11.2018 instant liquidity ratio has amounted to 25,16%, current liquidity ratio – 50,47%, and short-term liquidity ratio – 67,98%.

4. Analyzing the data on the Bank’s revenues (table 3), one may conclude that PJSC «KREDOBANK» has increased all the items of key revenues. Thus, for the 9 months of 2018 compared to the same period of 2017 the Bank’s interest income has grown by 20,49%, net interest income – by 21,27%, commission income – by 21,87%.

Table 3

**Data on key articles of income and expenses of PJSC** **«KREDOBANK», th. UAH, %**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Indicator | For the 9 months of 2018 | For the 9 months of 2017 | Change | Growth rate, % |
| Interest income | 1 340 428 | 1 112 499 | 227 928 | 20,49% |
| Net interest income | 958 234 | 790 135 | 168 099 | 21,27% |
| Commission income | 412 906 | 338 820 | 74 087 | 21,87% |
| Result from operations with foreign currency | 15 793 | 40 801 | -25 008 | -61,29% |
| Interest expenses | 382 194 | 322 365 | 59 829 | 18,56% |
| Commission expenses | 100 323 | 59 219 | 41 104 | 69,41% |
| Administrative and other operating expenses | 776 983 | 614 142 | 162 841 | 26,52% |
| Profit / (loss) | 378 086 | 315 317 | 62 769 | 19,91% |

The Agency also draws attention that PJSC “KREDOBANK” has finished the nine months of 2018 with profit of UAH 378,086 mln, that by 19,91% exceeds net profit for the same period of 2017.

Therefore, despite the crisis phenomena in the banking system of Ukraine in 2015-2017, PJSC “KREDOBANK” for the 9 months of 2018 has increased net profit by 19,91%, has increased net interest income by 21,27%, has maintained a good reserve on the Bank’s equity and liquidity ratios. With the availability of external support from PKO Bank Polski S.A. and against the background of the Bank’s excellent activity results, the above factors confirm the Bank’s status with the highest credit rating according to the national scale.

*Rating agency «Standard-Rating» (Ukraine)*