

ТОВ „Стандарт-Рейтинг” (Україна) 04071, Україна, м. Київ, вул. Введенська 4, тел./факс +38 (044) 451-63-77 http://www.standard-rating.com/		Standard-Rating (Ukraine) LLC 04071, Ukraine, Kyiv, Vvedenska St. 4, tel./ fax +38 (044) 451-63-77 http://www.standard-rating.com/
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PRESS-RELEASE

In the second six months Ukraine expects the recovery of the activity in banking sector and the rapid growth in economics

- *According to the IMF forecasts Ukraine remains one of favorites on the GDP growth among EU and CIS*
- *In the second six months the catalysts of economic growth will be: Euro-2012 and parliamentary elections*
- *The improvement of profitability indicators in the banking sector will stabilize the financial sector and will result in the decrease of interest rates in the loan market already by the end of the second quarter*

March 29, 2012 the Rating agency «Standard-Rating» (Ukraine) summarizes the third **Reliability Rating of Ukrainian banks**. In the opinion of the agency's analysts, the scenario of realization of credit risks in the banking sector to the end of 2012 will depend entirely on the situation in the national economics and government finances.

Two injections. Analysts of the agency have been monitoring the situation in Ukraine since December of 2010. According to the agency, a gradual slowdown of growth at the end of 2011 – the first quarter of 2012 will change by a sharp rise already in the second half of 2012 due to the high loan rates. Commenting the results of research, director of RA «Standard-Rating» in Ukraine Andrey Nikitin said: «By the end of the second quarter and in the fourth quarter of 2012 the Ukrainian economics expects at least two injections: *Euro-2012 and parliamentary elections. Both events will improve not only the balance of payments, but will provoke the recovery of economic activity exactly in those industries that are closely connected with the population*».

According to the agency, Euro-2012 can bring additional inflows into the Ukrainian economics from USD 0,5 bn up to USD 1 bn. Now it's a bad predictable amount, because we don't know what steps will be taken in Europe by the Ukrainian authorities for popularization the idea of visiting the championship matches of Euro-2012 in Ukraine. A little less inflows into the economics of Ukraine may be expected from outside in the parliamentary elections. Tough resistance to the government and opposition in the elections will traditionally provoke the surge of interest to the political situation. As a whole, the agency estimates possible inflow of foreign currency in Ukraine of USD 1,0 – 1,5 bn by the end of 2012. Nevertheless both events are classified as poorly predictable, making it difficult to forecast the GDP growth for the 2012 and the state of the country's payments balance to the end of 2012.

Positive forecasts of IMF. Assessing the economic situation in Ukraine and its comparative “portrait” across the Eastern European and CIS region, we continue to rely on the IMF forecasts of GDP growth. Let's remind that in January of 2012 IMF has decreased the forecast of GDP growth in Germany, France, Italy, Spain, the United Kingdom and Russia. As of the end of March Ukraine occupies the second place according to the forecasts of GDP growth in the sample of 23 countries of EU and CIS.

Ranking in terms of GDP growth according to the IMF forecast:

- | | |
|--------------------------|--------------------|
| 1. Kazakhstan — 5,6% | 3. Sweden — 3,8% |
| 2. Ukraine — 4,8% | 4. Slovakia — 3,3% |

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5. Russia — 3,3%

- 6. Luxemburg — 2,7%
- 7. Norway — 2,5%
- 8. Turkey — 2,2%
- 9. Slovenia — 2,0%
- 10. Czech Republic — 1,8%
- 11. Austria — 1,6%
- 12. Belgium — 1,5%
- 13. Ireland — 1,5%
- 14. Denmark — 1,5%

15. Switzerland — 1,4%

- 16. The Netherlands — 1,3%
- 17. Great Britain — 0,6%
- 18. Germany — 0,3%
- 19. France — 0,2%
- 20. Spain — (-1,7%)
- 21. Portugal — (-1,8%)
- 22. Greece — (-2,0%)
- 23. Italy — (-2,2%)

The Agency considers that a systematic information injection on projected default of Ukraine and on problems within the government finances – it is more political action, than economically reasonable judgments. Countries with bad credit history are indicatively lined up in the ranking of the GDP growth forecast at the end of the list. In 2012, Italy, Greece, Portugal and Spain expects for the decline of GDP by 1,7-2,0%. We also ask to pay attention on that IMF tends to understate the growth forecasts for countries with small economics. Thus, for the 2011 a respected international organization has prophesied the GDP growth of Ukraine at 4,6%, in fact Ukraine has shown the growth of 5,2%. We assume a repeat of situation in 2011: if “dividends” from Euro-2012 and parliamentary elections will be higher than expected, economics of the country may show the growth of not less than the level of 2011.

Improvement of income base in banking sector. Growth of interest rates in the loan market in the second half of 2011 has slowed the growth of economics in the first quarter, but has positively affected the situation in the banking sector: the quantity of banks in the system has grown from 26 up to 33, which have received the highest stability rating. At the same time the agency has had to toughen the criteria for selection of reliable banks.

In terms of rating RA «Standard-Rating» (Ukraine) always monitors the group of the most active banks with assets of more than UAH 1 bn. In the rating there are 80-90 banks all the time. The Agency notes the revival in the group of active banks.

Banks, included into the stability rating, have provided loans of UAH 724 bn according to the results of 2011, their loan portfolio has increased by UAH 14 bn or by 1,93%. General liquidity on the group of active banks has grown for the six months from 27,5% up to 30,01% despite the forecasts.

In the opinion of analysts of RA «Standard-Rating», the main positive signal of the results of 2011 has become the decrease in reserves-to-consolidated loan portfolio ratio of the banks from 13,36% down to 12,30%. Such a dynamics indirectly indicates the improvement in the quality of loan portfolio in the group of active banks during a half a year.

As a whole, there are 24 of 33 banks with the highest rating, which have belonged to the banks with foreign capital, 3 banks have belonged to the category of state ones. As well as six months ago, the stability rating has been headed by ING Bank Ukraine. The second position in the rating has been occupied by Prominvestbank (PIB), which is controlled by the Russian VAB and continues to actively lend the companies of FEC: State Enterprise “Ukrainian Coal”, Ukrtransgas, NJSC “Naftogas”, Ukrhydroenergo and others. In the second half the loan portfolio of Prominvestbank has increased from UAH 27 bn up to UAH 29 bn.

In the Ukrainian state banks Ukreximbank and Oshchadbank the activity has been livelier, than in the average on the system. Thus, in the second half of 2011 the loan portfolio of Oshchadbank has grown from UAH 49 bn up to UAH 58 bn, while the main

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borrowers have been the companies: Dniprooblenergo, Zapadenergo, Odesaoblenergo, State Enterprise “Energomarket”, Energoatom and others. The activity of Ukreximbank has partially been directed to the revival of lending in the energy sector.

Polish Kredobank has improved its position in the ranking of reliability. The parent bank PKO Bank Polski SA, which was under control of the government of Poland, has successfully finished the 2011. Net interest income of PKO has increased by 12,5% and has reached EUR 1,8 bn according to the results of 2011. In 2011 net profit of PKO has amounted to EUR 919 mln that is by 14% more than the same indicator of 2010. Such data show a rapid recovery after the crisis of Polish banking sector and, therefore, the increase in the probability of supporting its banking business in Ukraine from PKO. In 2011 Kredobank has received a profit of UAH 93,630 mln against a loss of UAH 391,85 mln in 2010. The improvement in indicators of the subsidiary bank of PKO has resulted in the rise of bank’s position in the rating table.

The good news is that the bank “Khreschatyk” has entered the group of banks with high stability level. In 2011, according to NBU data assets of this bank have grown by 4,41%, from UAH 7,066 bn up to 7,392 bn. At the same time the ratio between reserves for credit risks and loan portfolio of the bank has remained at 8,6% with the average on the group of banks, included into the ranking, of 12,3%. In 2011 bank “Khreschatyk” has increased its authorized capital by 13,72% or by UAH 100 mln, as well as has announced the plan of additional capitalization of the bank by UAH 200 mln during the 2012.

TOP-35 of reliable banks of Ukraine following the results of 2011

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|---|---|
| 1. ING bank Ukraine — ua.1 | 19. Kreditprombank — ua.1 |
| 2. Prominvestbank — ua.1 | 20. Megabank — ua.1 |
| 3. Ukreximbank — ua.1 | 21. UkrSibbank — ua.1 |
| 4. Oshchadbank — ua.1 | 22. Raiffeisen Bank Aval — ua.1 |
| 5. Kredobank — ua.1 | 23. Bank of Cyprus — ua.1 |
| 6. Credit agricole bank — ua.1 | 24. PUMB — ua.1 |
| 7. Platinum bank — ua.1 | 25. VTB bank — ua.1 |
| 8. Procredit bank — ua.1 | 26. Erste bank — ua.1 |
| 9. Ukrsotsbank — ua.1 | 27. Brokbusinessbank — ua.1 |
| 10. SEB bank — ua.1 | 28. Alfa-Bank — ua.1 |
| 11. Citybank (Ukraine) — ua.1 | 29. Ukrainian bank of development — ua.1 |
| 12. Ukrgasbank — ua.1 | 30. Bank "Forum" — ua.1 |
| 13. Swedbank — ua.1 | 31. Bank " Khreschatyk " — ua.1 |
| 14. Piraeus Bank ICB — ua.1 | 32. PrivatBank — ua.1 |
| 15. Astra bank — ua.1 | 33. Credit Europe bank — ua.2 |
| 16. Pravex-bank — ua.1 | 34. Bank "Globus" — ua.2 |
| 17. SB of Sberbank Russia — ua.1 | 35. Bank "Financial initiative" — ua.2 |
| 18. Active-bank — ua.1 | |

More details about the rating of banks’ stability are available in the special edition of the newspaper “Uryadovy Kurier” on March 29, 2012.

Rating agency “Standard-Rating” (Ukraine)