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03/10/2018

**Ratings of PJSC “KREDOBANK” are confirmed at the level uaAAA**

October 03, 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 are confirmed at the level uaAAA according to the national scale.

The decision to update the ratings of PJSC «KREDOBANK» is taken according to the analysis results of the Bank’s activity for the first half of 2018, regular and specific information of the Bank as an issuer of securities, and particular forms of statistical statements of the Bank for January-August, 2018.

 1. As of 01.07.2018 compared to 01.01.2018 the Bank’s key balance sheet indicators have demonstrated different upward dynamics. Assets of PJSC «KREDOBANK» have increased by 0,51% up to UAH 14,38 bn, the loan portfolio in hryvnia equivalent has grown by 12,79%: from UAH 7,857 bn up to UAH 8,862 bn. The Agency draws attention to the fact that during the 6 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 | 01.07.2018 | 01.01.2018 | Growth rate, % |
| Th. UAH | % | Th. UAH | % |
| Funds of banks | 1 449 679 | 10,08% | 1 585 372 | 11,08% | -8,56% |
| Funds of legal entities | 5 275 864 | 36,69% | 5 770 145 | 40,33% | -8,57% |
| Funds of individuals | 5 413 378 | 37,65% | 4 872 272 | 34,05% | 11,11% |
| **Total liabilities:** | **12 655 822** | **88,01%** | **12 804 172** | **89,49%** | **-1,16%** |
| Authorized capital of the bank  | 2 248 969 | 15,64% | 2 248 969 | 15,72% | 0,00% |
| **Total shareholders’ equity:** | **1 724 124** | **11,99%** | **1 503 496** | **10,51%** | **14,67%** |
| Cash and its equivalents | 1 261 957 | 8,78% | 820 549 | 5,74% | 53,79% |
| Funds in other banks | 528 486 | 3,68% | 1 344 845 | 9,40% | -60,70% |
| **Customer credits and debt** | **8 861 845** | **61,63%** | **7 856 641** | **54,91%** | **12,79%** |
| Intangible assets | 894 609 | 6,22% | 833 511 | 5,83% | 7,33% |
| Other financial assets | 148 714 | 1,03% | 31 017 | 0,22% | 379,46% |
| **Total assets:** | **14 379 946** | **100%** | **14 307 668** | **100%** | **0,51%** |

 2. Regulatory capital normative of PJSC «KREDOBANK» as of 01.07.2018 has amounted to UAH 1,599 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 03.09.2018 the Bank’s N1 ratio has amounted to UAH 1,68 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 01.07.2018 the regulatory capital adequacy normative of the Bank has amounted to 15,86% that is by 5,86 p.p. more than the limit value, set by NBU, and by 0,58 p.p. less than the average of N2 ratio on the banking system. As of 03.09.2018 the regulatory capital adequacy normative of PJSC «KREDOBANK» has amounted to 15,48% with the average of 16,15% 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 | 01.07.2018 | 01.01.2018 |
| on the system | bank | on the system | bank |
|
| Regulatory capital (N1) | >200 mln. | - | 1 598 791 | - | 1 410 537 |
| Norm of regulatory capital adequacy (N2) | >10% | 16,44% | 15,86% | 16,10% | 15,27% |
| Norm of instant liquidity (N4) | >20% | 56,61% | 25,05% | 55,55% | 29,30% |
| Norm of current liquidity (N5) | >40% | 104,21% | 45,06% | 108,08% | 47,62% |
| Norm of short-term liquidity (N6) | >60% | 94,82% | 67,70% | 98,37% | 68,90% |
| Norm of the maximum amount of credit risk per one counterparty (N7) | <25% | 20,02% | 4,28% | 20,29% | 5,38% |
| Norm of large loan risks (N8) | <800% | 155,56% | 0,00% | 208,31% | 0,00% |

3. Liquidity ratios of PJSC «KREDOBANK» for the period from 01.01.2018 to 01.07.2018 have shown the following changes:

* Instant liquidity ratio (N4) has decreased from 29,30% down to 25,05%;
* Current liquidity ratio (N5) has decreased from 47,69% down to 45,06%;
* Short-term liquidity ratio (N6) has reduced from 68,9% down to 67,7%.

 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 03.09.2018 has also strictly adhered to liquidity ratios N4, N5 and N6. As of 03.09.2018 instant liquidity ratio has amounted to 36,26%, current liquidity ratio – 47,52%, and short-term liquidity ratio – 67,85%.

 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 first half of 2018 compared to the same period of 2017 the Bank’s interest income has grown by 17,13%, net interest income – by 18,14%, commission income – by 22,97%.

Table 3

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Indicator | For the I half of 2018 | For the I half of 2017 | Change | Growth rate, % |
| Interest income | 844 355 | 720 892 | 123 463 | 17,13% |
| Net interest income | 604 265 | 511 465 | 92 799 | 18,14% |
| Commission income | 263 503 | 214 278 | 49 226 | 22,97% |
| Interest expenses | 240 090 | 209 426 | 30 664 | 14,64% |
| Commission expenses | 64 558 | 36 402 | 28 156 | 77,35% |
| Administrative and other operating expenses | 498 597 | 397 393 | 101 204 | 25,47% |
| Profit / (loss) | 245 471 | 205 119 | 40 352 | 19,67% |

 The Agency also draws attention that PJSC “KREDOBANK” has finished the first half of 2018 with net profit of UAH 245,471 mln, that by 19,67% 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 first half of 2018 has increased net profit by 19,67%, has increased net interest income by 18,14%, 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)*