

Rating action: Update of a long-term credit rating according to the national scale
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The issuer: JSC "AGROPROSPERIS BANK"
 USREOU code of the issuer: 35590956
 Web-site of the issuer: www.ap-bank.com



Long-term credit rating of JSC "AGROPROSPERIS BANK" is updated

May 20, 2019 at the meeting of the rating committee of Rating agency "Expert-Rating" it was decided to update a long-term credit rating of JSC "AGROPROSPERIS BANK" (35590956) at the level **uaAA** according to the national scale and a deposit rating at the level **ua1** according to the Agency's national scale. Bank (borrower) or separate bond instrument with rating uaAA is characterized by a very high solvency compared to other Ukrainian banks (borrowers) or bond instruments. When updating the rating the Agency was guided by the analysis of the Bank's financial and statistical statements for the I quarter of 2019, as well as by separate forms of the Bank's statistical reports for January–April, 2019.

Equity and capital adequacy

Throughout the 2018 year and January-April, 2019 the regulatory capital normative of JSC "AGROPROSPERIS BANK" (N1) fluctuated in the range from UAH 320.278-361.789 mln. and in general demonstrated an upward trend. As of 02.05.2019 the Bank's regulatory capital amounted to UAH 360.563 mln that by UAH 160.563 mln exceeded the limit value of N1 ratio, set by NBU at the level UAH 200 mln.

Throughout the 2018 year and January-April, 2019 the regulatory capital adequacy normative of JSC "AGROPROSPERIS BANK" (N2) fluctuated in the ranges 59.16-149.56%. The Bank's N2 ratio in times exceeded not only the limit value of N2 ratio, set by NBU, at the level not below 10%, but also the averages of this normative on the banking system of Ukraine.

Within the given analysis period the minimal value of the regulatory capital adequacy normative of JSC "AGROPROSPERIS BANK" was fixed at the level 59.16% as of 22.04.2019, and the maximal value of the Bank's N2 ratio reached 149.56% as of 02.01.2018. As of 02.05.2019 the Bank's regulatory capital adequacy normative amounted to 60,26% that by 50,26 p.p. exceeds the limit, set by NBU.

Thus, throughout the 2018 year and January-April, 2019 JSC "AGROPROSPERIS BANK" was very well provided with regulatory capital, as indicated by the indicators of the respective norms.

Fig. 1. Dynamics of the regulatory capital (N1) of PJSC «Agroprosperis

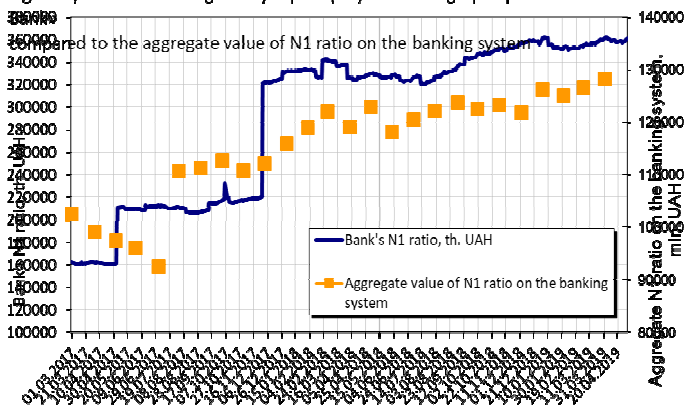
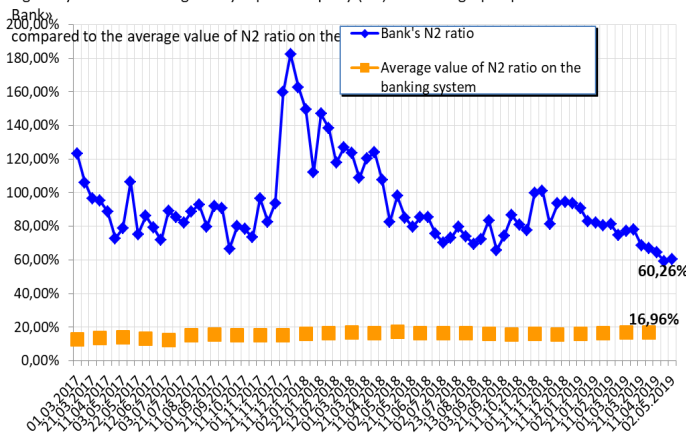


Fig. 2. Dynamics of the regulatory capital adequacy (N2) of PJSC «Agroprosperis



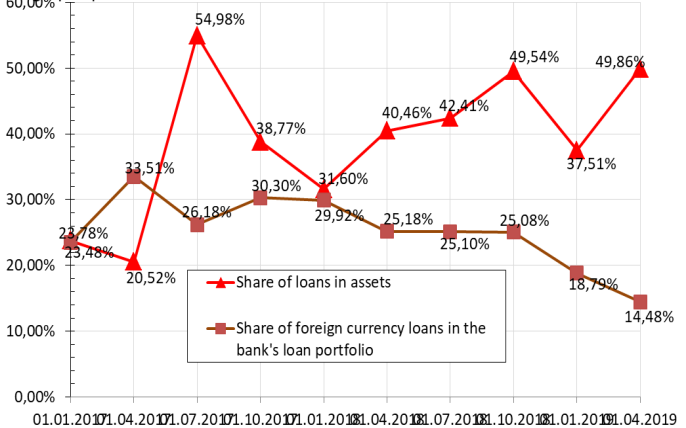
Asset structure and quality

Throughout the last 9 quarters in the loan portfolio of JSC "AGROPROSPERIS BANK" there were the following changes:

- Proportion of loans in the Bank's assets (in hryvnia equivalent) grew by 26.08 p.p. (from 23,78% as of 01.01.2017 up to 49.86% as of 01.04.2019) that positively reflected on the indicators of its revenues and profit.
- Proportion of currency loans (in hryvnia equivalent) in the Bank's loan portfolio decreased by 9 p.p. (from 23.48% as of 01.01.2017 down to 14.48% as of 01.04.2019) that decreases the impact of the currency risk.

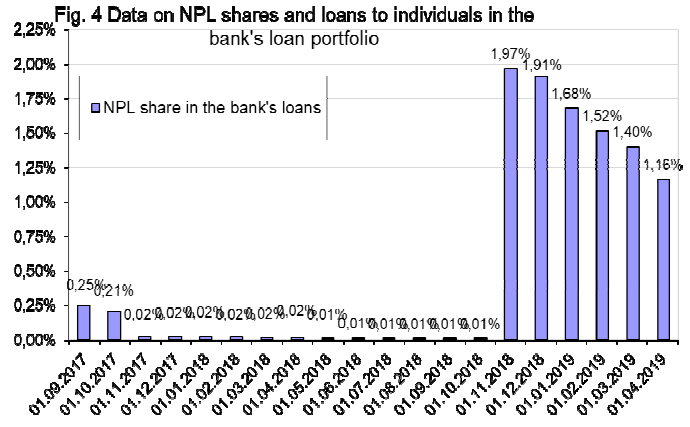
As well, the Agency draws attention to the fact

Fig. 3. Individual characteristics of the loan portfolio of PJSC "Agroprosperis Bank"



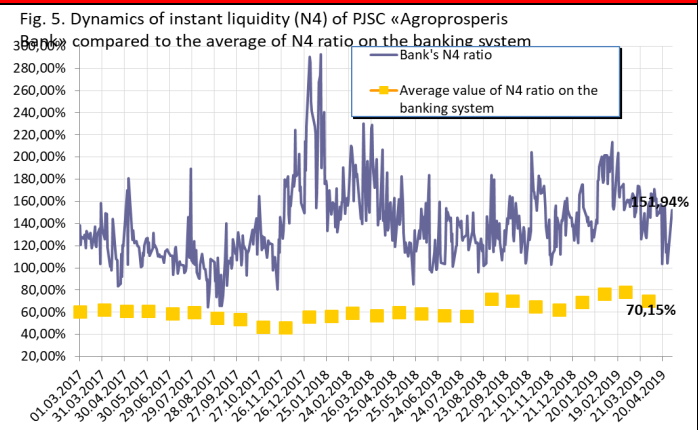
that in the Bank's assets there were no loans to individuals.

During the period from 01.09.2017 to 01.04.2019 the proportion of non-performing loans (NPL), which are calculated by the Agency as a sum of the fifth class for loans to individuals and the tenth class for loans to legal entities, fluctuated in the range 0.01%–1.97%. At the same time, the average value of the NPL share on the Ukrainian banking system as of 01.04.2019 amounted to 53.34%. Therefore, the loan portfolio of JSC "AGROPROSPERIS BANK" is characterized by a very high quality, as indicated by a very low indicator of NPL compared to its average market value.

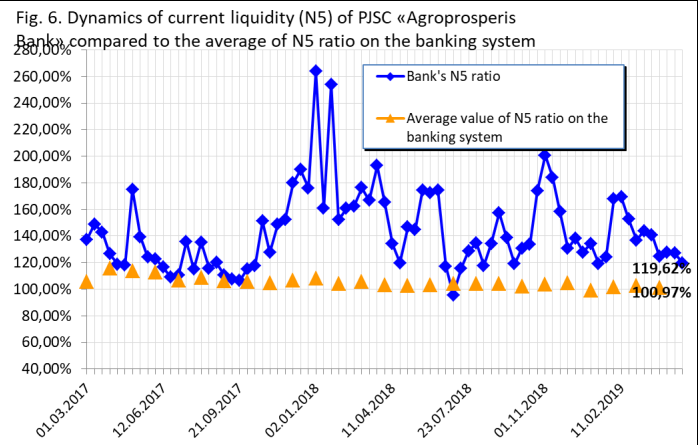


Liquidity

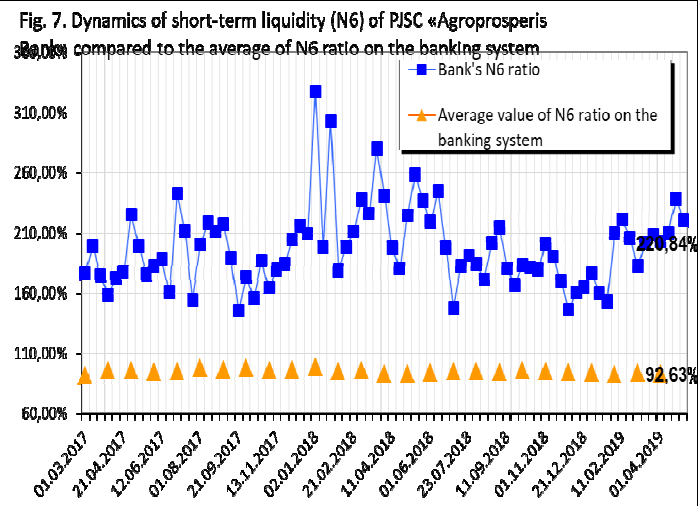
Throughout the 2018 year and January-April, 2019 instant liquidity ratio of the Bank (N4) on a constant basis in times exceeded not only the limit, set by NBU, but also the average of N4 ratio on the banking system. As of 02.05.2019 the Bank's N4 ratio amounted to 151.94% that in 7.6 times exceeded the limit value of N4 ratio, set by NBU.



Throughout the 2018 year and January-April, 2019 current liquidity ratio (N5) of JSC "AGROPROSPERIS BANK" systematically in times exceeded the limit value, set by NBU, and was higher than the average value on the banking system of Ukraine (only as of 02.07.2018 the Bank's N5 ratio was by 8.68 p.p. lower than the average market indicator). Therefore, throughout the given period the Bank created a sustainable reserve of N5 ratio with respect to the limit value, set by NBU. As of 02.05.2019 the Bank's current liquidity ratio (N5) amounted to 119.62% that by 79.62 p.p. exceeded the limit value, set by NBU.



Throughout the 2018 year and January-April, 2019 short-term liquidity ratio (N6) of JSC "AGROPROSPERIS BANK", as well as instant (N4) and current (N5) liquidity ratios all the time was higher than the limit value, set by NBU, and with a great reserve exceeded the average value of N6 ratio on the banking system. As of 02.05.2019 the Bank's N6 ratio amounted to 220.84% that was by 160.84 p.p. more than the limit value, set by NBU for this normative.



Therefore, throughout the 2018 year and January-April, 2019 all the three liquidity ratios of JSC "AGROPROSPERIS BANK" with a noticeable reserve exceeded the limits, set by NBU, and the averages of these norms on the banking system of Ukraine that indicates a good level of the Bank's provision with liquidity.

Profitability of operations

According to the results of the first quarter of 2019 JSC "AGROPROSPERIS BANK" received profit of UAH 11.225 mln that in 4.7 times exceeded the Bank's profit according to the results of the first quarter of 2018. The Agency reminds that the Bank returned to the profitable activity in the third quarter of 2017. The Bank's profit for the 2018 year amounted to UAH 24.068 mln that in 4.6 times exceeded the Bank's profit for the 2017 year. The last 7 reporting quarters were profitable for the Bank.

The increase in the Bank's profit was provided by high growth rates of key items of its revenues. Thus, according to the results of the first quarter of 2019 compared to the same period of 2018 net interest income of the Bank grew by 45,35%, and net commission income increased in 2.7 times.

The Agency appreciates the dynamics of the Bank's revenues and profit that corresponds to the general tendencies in the banking sector, which according to the NBU information, received the record profits in the first quarter of current year.

Fig. 8. Net interest income, net fee and commission income and profit

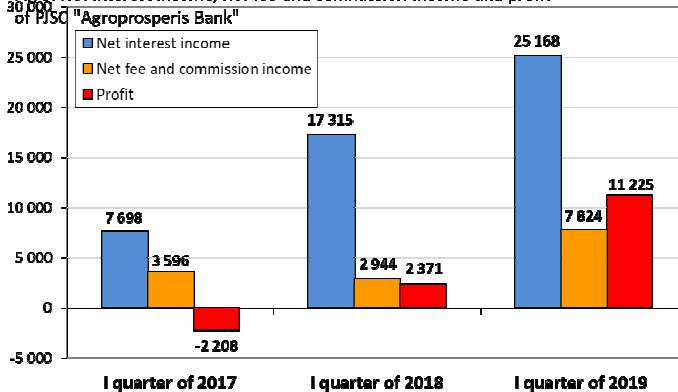
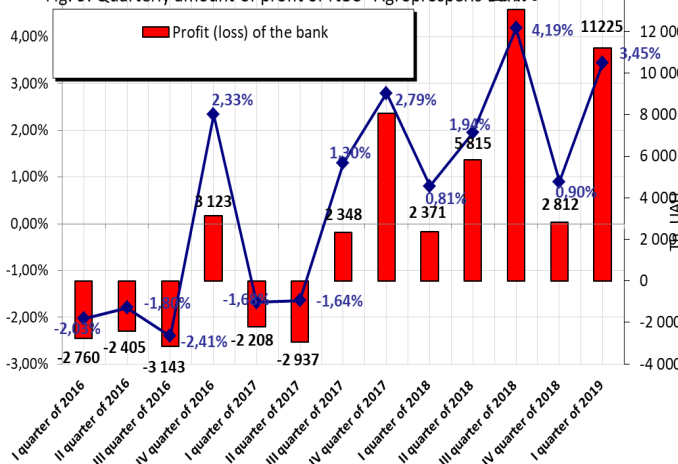


Fig. 9. Quarterly amount of profit of PJSC "Agroprosperis Bank"



Other factors

Verification on public databases of the State Fiscal Service showed that JSC "AGROPROSPERIS BANK" was registered in authorities of the SFS. At the moment of rating update the Bank, as a tax payer, didn't have any tax debt.

Analysis of the Unified state court register showed that there were no court decisions, which could have a considerable negative impact on the Bank's activity for the 2017-2018 and January-April, 2019.

Generalization

At the moment of updating the rating JSC "AGROPROSPERIS BANK" fulfilled its commitments to clients and lenders according to the applicable legislation and was not referred by the NBU to the category of problem banks.

According to the results of the first quarter of 2019 JSC "AGROPROSPERIS BANK" considerably increased net interest and net commission income that enabled to increase profit in 4.7 times compared to the first quarter of 2018.

As at the beginning of May, 2019, as well as throughout the 2018 year and January-April, 2019 JSC "AGROPROSPERIS BANK" was very well provided with liquidity and regulatory capital, as indicated by indicators of respective norms. The Bank's loan portfolio is characterized by a high quality, as indicated by a very low NPL share compared to its average market value that in its turn will affect the Bank's revenues and profit.

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