

30.08.2012

## PRESS-RELEASE

(Translation from Russian)

### The credit rating of JSC ASTRA BANK is confirmed at the level uaA+

**August 30, 2012** the rating committee of RA «Expert-Rating» has decided to confirm the credit rating of **JSC ASTRA BANK** at the level **uaA+** according to the national scale. The borrower with rating **uaA+** is characterized by a high solvency in comparison with other Ukrainian borrowers. Making decision about confirming the credit rating according to the national scale, the Agency was guided by key results of the Bank's activity in the 1 half of 2012.

Table 1

**Key balance sheet indicators of JSC ASTRA BANK  
in the 1 half of 2012, th. UAH, %, p.p.**

| Indicators  | 01.07.2012       | 01.01.2012       | Change            | Growth rate,<br>% |
|---|------------------|------------------|-------------------|-------------------|
| <b>Shareholders' equity</b>   | <b>1 112 164</b> | <b>1 095 812</b> | <b>16 352</b>     | <b>1,49%</b>      |
| Authorized capital  | 1 050 000        | 1 050 000        | 0                 | 0,00%             |
| Shareholders' equity/Assets ratio, %  | 63,28%           | 63,44%           | -0,16 p.p.        | -                 |
| <b>Total liabilities</b>  | <b>645 419</b>   | <b>631 590</b>   | <b>13 829</b>     | <b>2,19%</b>      |
| <i>Including liabilities in foreign currency</i>                                      | <i>153 339</i>   | <i>217 376</i>   | <i>-64 037</i>    | <i>-29,46%</i>    |
| Funds of banks  | 49 619           | 161 686          | -112 067          | -69,31%           |
| Funds of individuals  | 387 251          | 266 895          | 120 356           | 45,09%            |
| Funds of legal entities   | 174 729          | 178 234          | -3 505            | -1,97%            |
| <b>Total assets</b>   | <b>1 757 583</b> | <b>1 727 402</b> | <b>30 181</b>     | <b>1,75%</b>      |
| Liquid assets (Cash and cash equivalents + Trading securities + Funds in other banks) | 162 587          | 216 652          | -54 065           | -24,95%           |
| <b>Customer credits and debt</b>  | <b>968 315</b>   | <b>974 202</b>   | <b>-5 887</b>     | <b>-0,60%</b>     |
| <i>Including customer credits and debt in foreign currency</i>                        | <i>55 470</i>    | <i>40 931</i>    | <i>14 539</i>     | <i>35,52%</i>     |
| Loan provisions   | (147 702)        | (140 356)        | 7 346             | 5,23%             |
| Loan provisions/ customer credits and debt ratio, %                                   | 15,25%           | 14,41%           | 0,85 p.p.         | -                 |
| Securities (Securities for sale + Securities for redemption)                          | 566 741          | 480 342          | 86 399            | 17,99%            |
| Securities provisions (for sale + for redemption)                                     | 0                | 0                | 0                 | -                 |
| <b>Liquid assets/Liabilities ratio, %</b>   | <b>25,19%</b>    | <b>34,30%</b>    | <b>-9,11 p.p.</b> | <b>-</b>          |

Source: data of JSC ASTRA BANK, calculations by RA «Expert-Rating»

1. In the period from 01.01.2012 to 01.07.2012 the Bank's assets have increased by 1,75% up to UAH 1,758 bn, liabilities have grown by 2,19% and have amounted to UAH 645,4 mln, and shareholders' equity has reached UAH 1,112 bn that is by 1,49% more, than as of the beginning of the year. In the 6 months of current year customer credits and debt to the Bank have reduced by 0,6% or by UAH 5,887 mln: from UAH 974,2 mln as of 01.01.2012 down to UAH 968,3 mln as of 01.07.2012. At the same time, loan provisions have increased by 5,93% and the securities portfolio of the Bank has increased by 17,99% (or by UAH 86,4 mln), which has amounted to UAH 566,7 mln as of 01.07.2012. The Bank has followed the moderate lending activity that has been adequate to the economic situation, which was characterized by a gradual economic slowdown.

2. Key source of the resource base of ASTRA BANK in the 1 half of 2012 have become funds of individuals, which have increased by 45,09% or by UAH 120,4 mln in the period from 01.01.2012 to 01.07.2012 and have amounted to UAH 387,3 mln. At the same time, funds of legal entities have slightly reduced (by 1,97% or by UAH 3,5 mln), and also funds, raised by the Bank in the interbank market, have decreased by 69,31% or by UAH 112,1 mln. The Agency appreciates the changes, which have occurred in the resource base of the Bank, and notes that ASTRA BANK has a significant reserve of increasing raised funds.

3. Some decrease in the capital norms of the Bank, which has occurred in the last 12 months (in the period from 01.07.2011 to 01.07.2012), is the reflection of more efficient use of the

shareholders' equity by the Bank. At the same time, ASTRA BANK still has a very high level of capitalization, and in times exceeding the minimal requirements of the regulator and the average market indicators on the banking system of Ukraine. Thus, in the period from 01.07.2011 to 01.07.2012 the norm of the regulatory capital adequacy (N2) has decreased by 26,22 p.p. and has amounted to 97,65% with the minimal norm – not less 10% and with the average on the banking system – 17,98%. The norm of the ratio of regulatory capital to total assets (N3) has decreased by 5,31 p.p. down to 57,91% in the same period, with the norm - not less 9%, and with the average on the system – 14,58%.

Table 2

**Key norms of JSC ASTRA BANK in the 1 half of 2012**

| Norms   | Norm, set by NBU         | 01.07.2012      |                           | 01.07.2011      |                           | Change, th. UAH, p.p. |
|---|--------------------------|-----------------|---------------------------|-----------------|---------------------------|-----------------------|
|   |                          | The Bank's norm | The average of the system | The Bank's norm | The average of the system |                       |
| Regulatory capital (N1), th. UAH  | Not less UAH 120 000 th. | 1 109 672       | -                         | 1 082 431       | -                         | 27 241                |
| Regulatory capital adequacy (N2), %   | Not less 10%             | 97,65%          | 17,98%                    | 123,87%         | 19,20%                    | -26,22 p.p.           |
| Regulatory capital/Total assets ratio (N3), %   | Not less 9%              | 57,91%          | 14,58%                    | 63,22%          | 14,65%                    | -5,31 p.p.            |
| Instant liquidity (N4), %   | Not less 20%             | 48,66%          | 52,75%                    | 134,57%         | 54,30%                    | -85,91 p.p.           |
| Current liquidity (N5), %   | Not less 40%             | 78,12%          | 70,75%                    | 155,72%         | 73,02%                    | -77,60 p.p.           |
| Short-term liquidity (N6), %  | Not less 60%             | 141,08%         | 94,46%                    | 201,54%         | 89,34%                    | -60,46 p.p.           |
| Norm of large loan risks (N8), %  | Not more 800%            | 0,00%           | 178,68%                   | 0,00%           | 148,37%                   | -                     |
| Norm of the maximum amount of loans, guarantees and sureties, issued to the insiders (N10), % | Not more 30%             | 0,15%           | 2,99%                     | 0,33%           | 2,36%                     | -0,18 p.p.            |

Source: data of JSC ASTRA BANK, NBU calculations by RA «Expert-Rating»

4. In the period from 01.07.2011 to 01.07.2012 due to the growth of the Bank's business activity, there has been the decrease in the excessive norms of the Bank's liquidity that has positively impacted and probably will impact the profitability indicators of the Bank in future. The norms of instant and current liquidity (N4 and N5) have almost equaled to the average market indicators. Thus, the norm of instant liquidity (N4) has decreased by 85,91 p.p.: from 134,57% on 01.07.2011 down to 48,66% on 01.07.2012 (at the required indicator – not less 20% and at the average on the banking system – 52,75%). The norm of current liquidity (N5) has reduced by 77,60 p.p.: from 155,72% down to 78,12% (the required indicator – not less 40% and the average on the system – 70,75%). The norm of short-term liquidity of the Bank (N6) has amounted to 141,08% as of 01.07.2012. Despite the noted decrease by 60,46 p.p., N6 has still significantly exceeded not only the boundary indicator, set by NBU (not less 60%), but also the average market indicator (94,46%).

5. The asset quality of JSC ASTRA BANK has been at an acceptable level. As of 01.07.2012 the ratio of loan provisions to customer credits and debt has amounted to 15,25%, with the average of this indicator on the banking system of Ukraine – 20,54%. At the same time, the loan portfolio of the Bank has occupied only 55% of assets that, in its turn, decreases the pressure of corresponding risks on the quality of the Bank's assets. The proportion of the securities portfolio has accounted for 32% of the Bank's assets. The securities portfolio of the Bank has consisted of the internal state loan bonds of 100%.

Table 3

**Indicators of income and expenses of JSC ASTRA BANK in the 1 half of 2011–2012, th. UAH, %, p.p.**

| Indicators  | The 1 half of 2012 | The 1 half of 2011 | Change           | Growth rate, % |
|---|--------------------|--------------------|------------------|----------------|
| Net interest income   | 92 250             | 63 685             | 28 565           | 44,85%         |
| Net commission income   | 6 474              | 19 409             | -12 935          | -66,64%        |
| Net commission income/ Net interest income ratio                            | 7,02%              | 30,48%             | -23,46 p.p.      | -              |
| Result from operations with securities in the trading portfolio of the bank | 970                | 4 539              | -3 569           | -78,63%        |
| Result from operations with foreign currency                                | 1 333              | 999                | 334              | 33,43%         |
| Deductions into provisions for impairment of loans and funds in other banks | (11 888)           | (8 469)            | 3 419            | 40,37%         |
| Administrative and other operating expenses                                 | (71 155)           | (68 661)           | 2 494            | 3,63%          |
| <b>Net profit</b>   | <b>12 331</b>      | <b>10 749</b>      | <b>1 582</b>     | <b>14,72%</b>  |
| <b>ROE, %</b>   | <b>1,11%</b>       | <b>0,98%</b>       | <b>0,13 p.p.</b> | <b>-</b>       |

Source: data of JSC ASTRA BANK, calculations by RA «Expert-Rating»

6. According to the results of the 1 half of 2012 net profit of JSC ASTRA BANK has amounted to UAH 12,331 mln that is by 14,72% or by UAH 1,582 mln more, than according to the

results of the 1 half of 2011. The increase in the Bank's profit has been provided due to the increase in net interest income by 44,85% or by UAH 28,565 mln (up to UAH 92,250 mln), while net commission income has reduced by 66,64% or by UAH 12,935 mln (up to UAH 6,474 mln). Besides, the Bank's income from operations with foreign currency has increased by 33,43% or by UAH 334 th. (up to UAH 1,333 mln). The Agency appreciates the significant growth rates of net interest income, which have been obtained by the Bank in the 1 half of 2012. In the Agency's opinion, this trend has resulted from the increase in the volume of operations of raising and placing the resources and indicates the increase in the efficiency of its operations in Ukraine.

7. The Agency reminds that a consolidated loss of the Greek financial group Alpha Bank has amounted to EUR 119,3 mln in the 1 half of 2012. The obtained loss remains insignificant for the financial group. As of the beginning of the second quarter the shareholders' equity of the group has been estimated at EUR 1,866 bn. However, on May 28 of 2012 Alpha Bank has enlisted the assistance of the European Financial Stability Facility through the Hellenic Financial Stability Fund, taking part in the Fund's program on the recapitalization of Greek banks. As it turned out, Alpha Bank was hit by the crisis the least of all the four banks. Total amount for recapitalizing the four Greek banks was EUR 18 bn, while Alpha Bank needed only EUR 1,9 bn for its recapitalization (less 10,5%) of the sum, allocated for recapitalizing the four largest banks of Greece. In the Agency's opinion, the participation of Alpha Bank in the EFSF program will significantly improve the Bank's resistance to the recession in Greece and will compensate a considerable amount of toxic assets, which could have negatively impacted the Bank's indicators.

The participation of Alpha Bank in the recapitalization program of EFSF won't have a negative impact on the level of external support of Ukrainian JSC ASTRA BANK.

Therefore, the analysis of key performance indicators of JSC ASTRA BANK in the 1 half of 2012 demonstrates the positive trends of its development. The Bank continues increasing its assets and liabilities. Good quality of assets and high availability of its own resources enable the Bank to stable generate profit, and also to maintain the high level of financial stability and solvency. The recapitalization program of EFSF, where the Greek Alpha Bank participated, has been aimed to the improvement of key performance indicators of one of the largest Greek financial group, and also will stabilize the external support level, which Alpha Bank is able to provide to its business in Ukraine.

*Analytical service of RA «Expert-Rating»*