

06.03.2014

PRESS-RELEASE

(Translation from Russian)

Ratings of Bank «NATIONAL INVESTMENTS» are confirmed

March 6, 2014 the rating committee of RA «Expert-Rating» has decided to confirm the ratings of JSC «Bank «NATIONAL INVESTMENTS» (20017340). The ratings are confirmed at the following levels:

- Long-term credit rating at the level **uaBBB+**
- Short-term credit rating at the level **uaK3+**
- Rating of deposits at the level **ua3+**

Ratings have been confirmed on the basis of the analysis of the Bank's activity in 2013.

1. According to the results of 2013 key balance sheet indicators of the activity of JSC «Bank «NATIONAL INVESTMENTS» have demonstrated mostly a positive dynamics. In particular, as of 01.01.2014 compared to 01.01.2013:

- Shareholders' equity of the Bank has increased by 4,73% and has amounted to UAH 223,905 mln;
- Liabilities have grown by 46,41% – up to UAH 3,559 bn;
- Assets have grown by 43,04% – up to UAH 3,783 bn, at the same time, the increase in liquid assets have amounted to 106,95% (or UAH 182,979 mln), and customer credits and debt of the Bank, including reserves, have increased by 37,64% (or by UAH 928,555 mln).

Table 1

Key balance sheet indicators of JSC «BANK «NATIONAL INVESTMENTS» according to the results of 2013

th. UAH, %, p.p.

Indicators	01.01.2014	01.01.2013	Change	Growth rate, %
Shareholders' equity	223 905	213 800	10 105	4,73%
Authorized capital	161 000	161 000	-	-
Shareholders' equity/Assets ratio, %	5,92%	8,08%	-2,16 p.p.	-
Total liabilities	3 559 426	2 431 067	1 128 359	46,41%
<i>Including liabilities in foreign currency</i>	<i>1 212 153</i>	<i>931 445</i>	<i>280 708</i>	<i>30,14%</i>
Funds of banks	62 785	85 665	-22 880	-26,71%
Funds of individuals	1 384 504	931 459	453 045	48,64%
Funds of legal entities	1 876 139	1 218 853	657 286	53,93%
Total assets	3 783 331	2 644 867	1 138 464	43,04%
Liquid assets (Cash and cash equivalents + Funds of mandatory reserves in NBU + Trading securities + Funds in other banks)	354 063	171 084	182 979	106,95%
Customer credits and debt, including reserves	3 395 414	2 466 859	928 555	37,64%
<i>Loan provisions</i>	<i>174 313</i>	<i>159 461</i>	<i>14 852</i>	<i>9,31%</i>
<i>Loan provisions/ customer credits and debt ratio, %</i>	<i>5,13%</i>	<i>6,46%</i>	<i>-1,33 p.p.</i>	<i>-</i>
Securities for sale	170 752	133 050	37 702	28,34%
Securities for sale provisions	1 035	1 215	-180	-14,81%
Liquid assets/Liabilities ratio, %	9,95%	7,04%	2,91 p.p.	-

Source: data of JSC «Bank «NATIONAL INVESTMENTS», calculations by RA «Expert-Rating»

In the period from 01.01.2013 to 01.01.2014 in the resource base of JSC «Bank «NATIONAL INVESTMENTS» there have been the following changes:

- Funds of banks have reduced by 26,71% or by UAH 22,880 mln – up to UAH 62,785 mln

- Funds of individuals have increased by 48,64% or by UAH 453,045 mln – up to UAH 1,385 bn;
- Funds of legal entities have grown by 53,93% or by UAH 657,286 mln – up to UAH 1,876 bn.

According to the data of the financial statements of JSC “Bank “NATIONAL INVESTMENTS”, as of 01.01.2014, 93,05% of loan operations of the Bank have been attributed to the first (UAH 524,184 mln) and second (UAH 2,772 bn) categories of quality, i.e. have differed by the minimal (the first category of quality) and moderate (the second category of quality) level of risks. As of 01.01.2014 the proportion of non-performing loans of the Bank (attributed to the fourth and fifth categories of quality) has amounted to 5,2%.

2. In the period from 01.01.2013 to 01.01.2014 the regulatory capital of the Bank (N1) has increased by UAH 113,509 mln or by 37,92% – up to UAH 412,863 mln. At the same time, as a result of the faster growth rates of assets in comparison with the increase in regulatory capital, there has been a decrease in the norms N2 and N3. Thus, as of 01.01.2014 compared to 01.01.2013:

- The norm of the regulatory capital adequacy of the Bank (N2) has reduced by 1,25 p.p. and has amounted to 11,83% (with the indicator required by NBU “not less 10%” and the average indicator on the banking system of Ukraine at the level 18,26%);
- The norm of the ratio of regulatory capital to total assets (N3) has decreased by 0,25 p.p. – up to 10,42% (with the limit indicator “not less 9%” and the average on the system at the level 13,98%).

3. Dynamics of the liquidity norms of JSC “Bank “NATIONAL INVESTMENTS” in the period from 01.01.2013 to 01.01.2014 has demonstrated differently directed trends, namely:

- The norm of instant liquidity of the Bank (N4) has grown by 13,57 p.p. – up to 34,38% (with the indicator required by NBU “not less 20%” and the average indicator on the banking system at 56,99%);
- The norm of current liquidity (N5) has increased by 12,80 p.p. – up to 76,39% (with the norm indicator “not less 40%” and the average on the system at 80,86%);
- At the same time, the norm of short-term liquidity of the Bank (N6) has decreased by 10,78 p.p. – down to 99,34% (with the limit indicator “not less 60%” and the average of the market at 89,11%), but at the same time N5 has still exceeded the indicator of this norm in average on the banking system of Ukraine.

Table 2

Key norms of JSC «BANK «NATIONAL INVESTMENTS» according to the results of 2013

th. UAH, %, p.p.

Norms	The norm set by NBU	01.01.2014		01.01.2013		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 than UAH 120 000 th.	412 863	-	299 354	-	113 509
Regulatory capital adequacy (N2), %	Not less 10%	11,83%	18,26%	13,08%	18,06%	-1,25 p.p.
Regulatory capital/Total assets ratio (N3), %	Not less 9%	10,42%	13,98%	10,67%	14,89%	-0,25 p.p.
Instant liquidity (N4), %	Not less 20%	34,38%	56,99%	20,81%	69,26%	13,57 p.p.
Current liquidity (N5), %	Not less 40%	76,39%	80,86%	63,59%	79,09%	12,80 p.p.
Short-term liquidity (N6), %	Not less 60%	99,34%	89,11%	110,12%	90,28%	-10,78 p.p.
Norm of large loan risks (N8), %	Not more 800%	606,58%	172,05%	619,80%	172,91%	-13,22 p.p.
Norm of the maximum amount of loans, guarantees and sureties, issued to the insiders (N10), %	Not more 30%	7,43%	1,63%	4,91%	2,41%	2,52 p.p.

Source: data of PJSC «Bank «NATIONAL INVESTMENTS», NBU, calculations by RA «Expert-Rating»

4. According to the results of 2013 profit of JSC “Bank “NATIONAL INVESTMENTS” has amounted to UAH 10,169 mln that is by 33,29% more, than in 2012. At the same time, key articles of the Bank’s income have demonstrated differently directed dynamics: net commission income has increased by 2,71% – up to UAH 20,212 mln, while net interest income has decreased by 30,16% – down to UAH 73,575 mln. Among factors of the decrease in pressure on the Bank’s financial result it also should be noted: a reduction of contributions to the reserve for impairment of loans and funds in other banks (by 84,93% or by UAH 85,504 mln) and the decrease of loss from operations with foreign currency (by 87,66% or by UAH 20,662 mln).

Table 3

**Separate indicators of income and expenses of JSC «BANK «NATIONAL INVESTMENTS»
in 2012–2013**

Indicators	th. UAH, %, p.p.			
	2013	2012	Change	Growth rate, %
Net interest income	73 575	105 351	-31 776	-30,16%
Net commission income	20 212	19 679	533	2,71%
Net commission income/ Net interest income ratio	27,47%	18,68%	8,79 p.p.	-
Result from operations with securities in the trading portfolio of the bank	-	-	-	-
Result from operations with foreign currency	(2 909)	(23 571)	-20 662	-87,66%
Administrative and other operating expenses	56 356	36 725	19 631	53,45%
Net profit	10 169	7 629	2 540	33,29%
ROE, %	4,54%	3,57%	0,97 p.p.	-

Source: data of JSC «Bank «NATIONAL INVESTMENTS», calculations by RA «Expert-Rating»

Therefore, in 2013 key balance sheet indicators of JSC «BANK «NATIONAL INVESTMENTS» have demonstrated positive dynamics. The Bank has increased its business activity quite intensively: assets and liabilities of the Bank have increased almost in 1,5 times, and profit has grown by one third. In 2013 the Bank has increased shareholders' equity and regulatory capital. At the same time, as a result of the faster growth rates of assets in comparison with the growth rate of the regulatory capital (N1), there has been a decrease in some norms of equity (N2 and N3). As at the beginning of 2014 the norms of equity (N2 and N3), as well as the norms of the Bank's liquidity (N4 and N5) have exceeded the requirements of NBU with respect to the limit indicators, but haven't exceeded the average indicators of these norms on the banking system of Ukraine. At the same time, the norm of short-term liquidity of the Bank (N6), despite some decrease, has continued to exceed not only the limits, set by the regulator, but also the indicator of this norm in average on the banking system.

Analytical service of RA «Expert-Rating»