Україна, 04073, м. Київ, пров.
Куренівський, 15, офіс 29
тел.: +38 (044) 227-60-74
general@expert-rating.com
www.expert-rating.com

RATING AGENCY EXPERT RATING

Office. 29, 15 Kurenivs'kyi Ln.,
Kyiv, 04073, Ukraine
Tel.: +38 (044) 227-60-74
general@expert-rating.com
www.expert-rating.com

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PRESS-RELEASE

(Translation from Russian)

The credit rating of PJSC «CREDIT AGRICOLE BANK» is confirmed at the highest level according to the national scale

December 12, 2013 the rating committee of RA "Expert-Rating" has decided to confirm the credit rating of **PJSC «CREDIT AGRICOLE BANK»** (14361575) and the Bank's bonds of Series ***B*** at the level **uaAAA** according to the national scale. The borrower with rating **uaAAA** is characterized by the highest solvency compared to other Ukrainian borrowers. Making decision about confirming the credit rating according to the national scale, the Agency was guided by the results of the Bank's activity in the 9 months of 2013.

Table 1

Key balance sheet indicators of PJSC «CREDIT AGRICOLE BANK» according to the results of the 9 months of 2013

th. UAH, %, p.p.

Indicators	01.10.2013	01.01.2013	Change	Growth rate, %
Shareholders' equity	**1 525 020**	**1 548 466**	**-23 446**	**-1,51%**
Authorized capital	1 222 929	1 050 000	172 929	16,47%
Shareholders' equity/Assets ratio, %	11,35%	11,80%	-0,45 p.p.	-
Total liabilities	**11 909 625**	**11 576 395**	**333 230**	**2,88%**
Including liabilities in foreign currency	4 969 373	5 003 145	-33 772	-0,68%
Funds of banks	856 635	1 045 034	-188 399	-18,03%
Funds of individuals	3 869 087	3 287 087	582 000	17,71%
Funds of legal entities	6 109 522	6 490 849	-381 327	-5,87%
Total assets	**13 434 645**	**13 124 861**	**309 784**	**2,36%**
Liquid assets (Cash and cash equivalents + Funds of mandatory reserves in NBU + Trading securities + Funds in other banks)	2 131 334	3 107 951	-976 617	-31,42%
Customer credits and debt, including reserves	**11 019 343**	**9 864 136**	**115 5207**	**11,71%**
Loan provisions	386 437	396 896	-10 459	-2,64%
Loan provisions/ customer credits and debt ratio, %	3,51%	4,02%	-0,51 p.p.	-
Securities for sale	910	1 240	-330	-26,61%
Provision for impairment of securities for sale	-	-	-	-
Liquid assets/Liabilities ratio, %	**17,90%**	**26,85%**	**-8,95 p.p.**	**-**

Source: data of PJSC «CREDIT AGRICOLE BANK», calculations by RA «Expert-Rating»

1. According to the results of the 9 months of 2013 key balance sheet indicators of PJSC "CREDIT AGRICOLE BANK" have demonstrated multidirectional dynamics. In particular, in the period from 01.01.2013 to 01.10.2013:

- Assets of the Bank have increased by UAH 309,8 mln or by 2,36% and reached UAH 13,4 bn, while the growth rate of the Bank's loan portfolio has amounted to 11,71%;
- Liabilities of PJSC "CREDIT AGRICOLE BANK" have grown by UAH 333,2 mln or by 2,88% – up to UAH 11,9 bn;
- Shareholders' equity of the Bank has decreased by 1,51%, while the authorized capital has increased by 16,47%, one of the factors, impacting on the decrease in shareholders' equity, has become the decline of undistributed profit by 46,97% in the Bank's liabilities;

Dynamics of key components of the Bank's resource base have also been characterized by different trends. Thus, as of 01.10.2013 compared to 01.01.2013 funds raised by the Bank from individuals have grown by 17,71% or by UAH 582 mln, while funds of legal entities have reduced by 5,87%, and the decrease in funds of the banks in liabilities of PJSC "CREDIT AGRICOLE BANK" has amounted to 18,03%.

2. Dynamics of balance sheet indicators of PJSC “CREDIT AGRICOLE BANK” has accordingly affected its norms. Thus, as of 01.10.2013 the norm of the regulatory capital adequacy of the Bank (N2) has amounted to 15,42% that is by 3,97 p.p. less than as of 01.01.2013, and the norm of the ratio of regulatory capital to total assets (N3) has decreased by 0,46 p.p. – down to 13,76% in the given period. At the same time, both norms have still exceeded with significant reserve the limits set by the regulator in respect of its values: N2 has exceeded the norm of NBU by 5,42 p.p., and excess of N3 has amounted to 4,76 p.p. Therefore, possessing considerable reserve of capital, PJSC “CREDIT AGRICOLE BANK” has continued to increase the efficiency of its use through increasing the rates of generating the portfolios of active and passive operations.

As of 01.10.2013 compared to 01.01.2013 the liquidity norms of PJSC “CREDIT AGRICOLE BANK” (N4, N5 and N6) have demonstrated the decrease, but have exceeded the limits set by NBU with noticeable reserve. Thus, the Bank’s norm of instant liquidity (N4) has decreased by 32,16 p.p., having amounted to 41,84% that has exceeded by 21,84 p.p. the norm, set by NBU. The norm of current liquidity (N5) has decreased by 7,19 p.p. – up to 72,03% and at the same time has exceeded by 32,03 p.p. the limit of the regulator. The norm of short-term liquidity (N6) has decreased by 5,37 p.p. – up to 84,35%, but has been complied with reserve of 24,35 p.p. to the norm. Therefore, the Bank has optimized the policy of managing liquidity that has positively affected its key income indicators.

Table 2

Key norms of PJSC «CREDIT AGRICOLE BANK» according to the results of the 9 months of 2013

th. UAH, %, p.p.

Norms	The norm set by NBU	01.10.2013		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.**	1 900 121	-	1 917 683	-	-17 562
Regulatory capital adequacy **(N2)**, %	**Not less 10%**	15,42%	17,92%	19,39%	18,06%	-3,97 p.p.
Regulatory capital/Total assets ratio **(N3)**, %	**Not less 9%**	13,76%	13,87%	14,22%	14,89%	-0,46 p.p.
Instant liquidity **(N4)**, %	**Not less 20%**	41,84%	56,27%	74,00%	69,26%	-32,16 p.p.
Current liquidity **(N5)**, %	**Not less 40%**	72,03%	87,95%	79,22%	79,09%	-7,19 p.p.
Short-term liquidity **(N6)**, %	**Not less 60%**	84,35%	88,27%	89,72%	90,28%	-5,37 p.p.
Norm of large loan risks **(N8)**, %	**Not more 800%**	141,69%	185,71%	94,94%	172,91%	46,75 p.p.
Norm of the maximum amount of loans, guarantees and sureties, issued to the insiders **(N10)**, %	**Not more 30%**	1,10%	1,70%	1,33%	2,41%	-0,23 p.p.

Source: data of PJSC «CREDIT AGRICOLE BANK», NBU, calculations by RA «Expert-Rating»

3. In the Q3 of current year PJSC “CREDIT AGRICOLE BANK” has continued to demonstrate high rates of increasing key articles of incomes. As a whole, net interest income of the Bank has increased in thrice (by UAH 415,3 mln or by 201,37%) – up to UAH 621,6 mln in the 9 months of 2013 compared to the same period of 2012, net commission income has grown by 16,42% or by UAH 31,254 mln – up to UAH 221,6 mln, and the result from operations with foreign currency has grown in 2,3 times (by UAH 31,358 mln or by 133,88%) – up to UAH 54,781 mln. As a result, according to the results of the 9 months of 2013 net profit of PJSC “CREDIT AGRICOLE BANK” has reached UAH 230,024 mln that is in 5,2 times more (by UAH 185,371 mln or by 415,14%), than in the same period of 2012. ROE of PJSC “CREDIT AGRICOLE BANK” has grown by 12,20 p.p. over the year: from 2,88% to 15,08%.

The Agency emphasizes that dynamics of income and net profit of the Bank has been still on the contrary to the average data on the banking system of Ukraine in the analyzed period. PJSC “CREDIT AGRICOLE BANK” has demonstrated the record high growth rates of income and profitability against the general downward trend of these indicators in average on the banking sector of the country.

Table 3

Separate indicators of income and expenses of PJSC «CREDIT AGRICOLE BANK» in the 9 months of 2012–2013

th. UAH, %, p.p.

Indicators	9 months of 2013	9 months of 2012	Change	Growth rate, %
Net interest income	621 569	206 249	415 320	201,37%
Net commission income	221 611	190 357	31 254	16,42%
Net commission income/ Net interest income ratio	35,65%	92,29%	-56,64 p.p.	-
Result from operations with securities in the trading portfolio of the bank	-	-	-	-
Result from operations with foreign currency	54 781	23 423	31 358	133,88%
Administrative and other operating expenses	509 961	435 503	74 458	17,10%
Net profit	**230 024**	**44 653**	**185 371**	**415,14%**
ROE, %	15,08%	2,88%	12,20 p.p.	-

Source: data of PJSC «CREDIT AGRICOLE BANK», calculations by RA «Expert-Rating»

International financial group with the headquarters in France Crédit Agricole Group, which includes PJSC “CREDIT AGRICOLE BANK”, has finished the 9 months of 2013 with net profit of EUR 3,843 bn, capital adequacy of 10,5% and reserves of EUR 252 bn.

Therefore, the analysis of the results of PJSC “CREDIT AGRICOLE BANK” activity in the 9 months of 2013 has demonstrated positive trends in its development. In the Q3 of current year the Bank has continued to optimize the resource base and to increase its loan activity – since the beginning of the year the loan portfolio of PJSC “CREDIT AGRICOLE BANK” has increased by 11,71%. According to the results of the 9 months of current year the Bank has shown high growth rates of income and record amount of net profit. PJSC “CREDIT AGRICOLE BANK” has entered the Q4 of 2013 with good reserve of equity and noticeable reserve of liquidity that enables it to maintain the needed level of financial stability and further to implement a given strategy of development.

The Agency reminds that in July of 2013 it was decided to improve the credit rating of PJSC “CREDIT AGRICOLE BANK” up to the highest level uaAAA according to the national scale. The results of activity of PJSC “CREDIT AGRICOLE BANK” and Crédit Agricole Group according to the results of the 9 months of 2013 have once again confirmed the decision to improve the Bank’s rating up to the highest level according to the national scale.

In November of 2013 PJSC “CREDIT AGRICOLE BANK” has repaid bonds of Series A in time.

Analytical service of RA «Expert-Rating»