

15.12.2014

Credit rating of PJSC «CREDIT AGRICOLE BANK» is confirmed

December 15, 2014 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 F 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 key results of the Bank’s activity in the 9 months of 2014.

1. Key balance sheet indicators of PJSC «CREDIT AGRICOLE BANK» for the 9 months of 2014 have demonstrated such trends:

- Shareholders’ equity of the Bank has increased by 2.44% up to UAH 1.71 bn;
- Liabilities of the Bank have grown by UAH 4.468 bn or by 36.06% up to UAH 16.86 bn, funds of banks have grown by 11.81%, funds of individuals – by 11.62%? And funds of legal entities – by 54.8%. The Bank under difficult economic conditions during the 9 months of 2014 has maintained a significant increase in liabilities in hryvnia equivalent;
- For the 9 months of 2014 customer credits and debt of the Bank including reserves in hryvnia equivalent have grown by 29.18%, for the first half of 2014 the increase has amounted to only 19.02%.

Table 1

**Key balance sheet indicators of PJSC «CREDIT AGRICOLE BANK»
for the 9 months of 2014**

th. UAH, %, p.p.

Indicators	01.10.2014	01.01.2014	Change	Growth rate, %
Shareholders' equity	1 706 305	1 665 664	40641	2.44%
Authorized capital	1 222 929	1 222 929	-	-
Shareholders' equity/Assets ratio, %	9.19%	11.85%	-2.66 p.p.	-
Total liabilities	16 859 923	12 391 083	4 468 840	36.06%
<i>Including liabilities in foreign currency</i>	7 369 655	4 808 100	2 561 555	53.28%
Funds of banks	825 336	738 159	87 177	11.81%
Funds of individuals	4 295 283	3 848 269	447 014	11.62%
Funds of legal entities	10 811 462	6 983 986	3 827 476	54.80%
Total assets	18 566 228	14 056 747	4 509 481	32.08%
Liquid assets (Cash and cash equivalents + Funds of mandatory reserves in NBU + Trading securities + Funds in other banks)	3 799 762	2 073 505	1 726 257	83.25%
Customer credits and debt, including reserves	15 258 477	11 811 427	3 447 050	29.18%
<i>Loan provisions</i>	1 017 939	374 914	643 025	171.51%
<i>Loan provisions/ customer credits and debt ratio, %</i>	6.67%	3.17%	3.50 p.p.	-
Liquid assets/Liabilities ratio, %	22.54%	16.73%	5.80 p.p.	-

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

2. Dynamics of key balance sheet indicators of PJSC «CREDIT AGRICOLE BANK» has reflected in the change of the Bank’s norms. For the period from 01.01.2014 to 01.10.2014 the regulatory capital of the Bank has grown by UAH 80.78 mln or by 4.04%. At the same time, the regulatory capital adequacy (N2) has decreased by 3.2 p.p., the ratio of regulatory capital to total assets has decreased by 3.09 p.p. N2 and N3 of the Bank have been complied with a noticeable reserve to the limits, set by NBU, but have been lower than the averages of these norms on the system. In the Agency’s opinion, PJSC «CREDIT AGRICOLE BANK» has maintained a sufficient

reserve of N2 and N3 for providing the compliance of these norms in the period unfavorable for the banking system.

3. In the Agency's opinion, as of 01.10.2014 PJSC «CREDIT AGRICOLE BANK» has created a significant reserve of the liquidity norms. Instant liquidity of the Bank (N4) has been by only 3.17 p.p. less than the average of this norm on the system. Current liquidity of the Bank (N5) has exceeded the average on the system by 8.07 p.p., short-term liquidity of the Bank (N6) has exceeded the average on the system by 8.69 p.p.

Table 2

**Key norms of PJSC «CREDIT AGRICOLE BANK»
according to the results of the 9 months of 2014**

th. UAH, %, p.p.

Norms	The norm set by NBU	01.10.2014		01.01.2014		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.	2 076 777	-	1 995 994	-	80 783
Regulatory capital adequacy (N2), %	Not less 10%	12.59%	15.96%	15.79%	18.26%	-3.20 p.p.
Regulatory capital/Total assets ratio (N3), %	Not less 9%	10.57%	12.30%	13.66%	13.98%	-3.09 p.p.
Instant liquidity (N4), %	Not less 20%	40.77%	43.94%	49.55%	56.99%	-8.78 p.p.
Current liquidity (N5), %	Not less 40%	87.60%	79.53%	68.98%	80.86%	18.62 p.p.
Short-term liquidity (N6), %	Not less 60%	95.44%	86.75%	88.44%	89.11%	7.00 p.p.
Norm of large loan risks (N8), %	Not more 800%	263.81%	246.46%	148.33%	172.05%	115.48 p.p.
Norm of the maximum amount of loans, guarantees and sureties, issued to the insiders (N10), %	Not more 30%	1.45%	1.45%	1.14%	1.63%	0.31 p.p.

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

4. For the 9 months of 2014 net profit of PJSC «CREDIT AGRICOLE BANK» has amounted to UAH 383.06 mln that is by 66.53% more than for the same period of 2013. The Agency appreciates the fact of the Bank's profitable activity under unfavorable situation in the banking services market. It should also focus attention on the growing capacity of the Bank to generate income. Thus, net interest income for the 9 months of 2014 has been by 61.7% higher than for the same period of 2013, net commission income for the same period has grown by 19.97%.

Table 3

**Separate indicators of income and expenses of PJSC «CREDIT AGRICOLE BANK»
according to the results of the 9 months of 2014**

th. UAH, %, p.p.

Indicators	9 months of 2014	9 months of 2013	Change	Growth rate, %
Net interest income	1 005 069	621 569	383 500	61.70%
Net commission income	265875	221611	44 264	19.97%
Net commission income/ Net interest income ratio	26.45%	35.65%	-9.20%	-25.80%
Result from operations with foreign currency	383 925	54 781	329 144	600.84%
Administrative and other operating expenses	649 569	509 961	139 608	27.38%
Net profit	383 062	230 024	153 038	66.53%
ROE, %	22.45%	13.81%	8.64%	62.56%

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

5. November 6, 2014 Crédit Agricole Group summarized the results of the first 9 months of 2014 and reported a number of multidirectional trends. For the 9 months of 2014 the Group's revenue grew by 1% up to EUR 22.9 bn, operating income for the same period amounted to EUR 6.29 bn that is by 14.5% higher than the same period of last year. Profit before taxation amounted to EUR 5.85 bn that is by 3.2% more than for the same period of 2013, but net profit of the Group reduced by 5.8% down to EUR 3.86 bn.

Crédit Agricole Group participated in the asset quality control and stress tests, conducted by the European Central Bank, whose results were published on October 26, 2014. These events confirm the financial reliability of Crédit Agricole Group, which successfully passed the stress tests of the ECB. Results of stress test confirm the ability of Crédit Agricole Group to withstand economic shocks.

6. Considering the tense situation in the banking sector, the Agency has studied the dynamics of PJSC «CREDIT AGRICOLE BANK» norms in November of 2014 and draws attention to the value of the following norms as of 01.12.2014:

- The norm of regulatory capital (N1) is UAH 2.230 bn, the normative indicator is not less than UAH 120 th.;
- The norm of the regulatory capital adequacy (N2) is 13.17%, the normative indicator is not less than 10%;
- The norm of the ratio of regulatory capital to total assets (N3) is 10.46%, the normative indicator is not less than 9%;
- The norm of instant liquidity (N4) is 38.77%, the normative indicator is not less than 20%;
- The norm of current liquidity (N5) is 88.92%, the normative indicator is not less than 40%;
- The norm of short-term liquidity (N6) is 98.56%, the normative indicator is not less than 60%.

The above statistics indicates that at the beginning of December PJSC «CREDIT AGRICOLE BANK» has continued to maintain a good reserve of the norms of equity and liquidity to the limits, set by NBU.

Therefore, PJSC «CREDIT AGRICOLE BANK» has continued to actively resist to crisis phenomena, the Bank's activity has remained not only profitable, but for the 9 months of 2014 the Bank has managed to generate the net profit volume greater than for the same period of 2013. PJSC «CREDIT AGRICOLE BANK» has formed a significant reserve of the liquidity norms and has maintained a noticeable reserve on the equity norms.

Analytical service of RA «Expert-Rating»