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PRESS-RELEASE

(Translation from Russian)

RA «Expert-Rating» improves the rating outlook of PJSC «MEGABANK»

February 28, 2012 RA «Expert-Rating» confirms the credit rating of PJSC «MEGABANK» and of the Bank's bonds of series G, H, I at the level **uaA-** according to the national scale and improves the rating outlook to positive from neutral (stable). When confirming the credit rating, the Agency was guided by the results of the Bank's activity for the 2011 (table).

Table

Key performance indicators of PJSC «MEGABANK» (th. UAH, %)

Indicator	2011 (01.01.2012)	2010 (01.01.2011)	Change, th. UAH, p.p.	Growth rate, %
Total assets	4 540 029	3 509 088	1 030 941	29,38
Cash and cash equivalents	426 759	326 985	99 774	30,51
Clients' credits and debts	3 407 836	2 725 960	681 876	25,01
Loans provisions	(183 573)	(131 785)	51 788	39,30
Total liabilities	3 888 862	2 872 387	1 016 475	35,39
Commitments to other banks	725 230	546 825	178 405	32,63
Funds of legal entities	962 713	767 959	194 754	25,36
Funds of individuals	1 315 076	1 038 497	276 579	26,63
Shareholders' equity	651 166	636 701	14 465	2,27
Net interest income	121 482	92 135	29 347	31,85
Net profit	3 493	2 026	1 467	72,41
Loans provisions/Loan portfolio ratio	5,39%	4,83%	0,55 p.p.	-
Equity/Assets ratio	14,34%	18,14%	(3,80 p.p.)	-
ROE	0,54%	0,32%	0,22 p.p.	-

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

Key factors, which influenced the confirmation of rating:

1. The Bank's assets have increased by UAH 1,03 bn. or by 29,38% for the 2011 and have reached UAH 4,5 bn. as of 01.01.2012. The Bank's liquid assets have increased by 30,51% and the growth rate of its loan portfolio has constituted 25,01% over the year, as a result, its volume has constituted UAH 3,4 bn. as of 01.01.2012 that is by UAH 681,9 mln. more, than as of 01.01.2011. The dynamics of loans provisions has been moving in the same trend: its volume has increased by 39,3% or by UAH 51,8 mln. in the period from 01.01.2011 to 01.01.2012 and has constituted UAH 183,6 mln. At the same time, despite some increase (from 4,83% as of 01.01.2011 up to 5,39% as of 01.01.2012), the Loans provisions/Loan portfolio ratio remains at the level lower than the market average on the banking system of Ukraine, which has constituted 18,16% on the last reporting date.

2. In 2011 the Bank has actively increased its resource base. Thus, total liabilities of the Bank have constituted UAH 3,9 bn. following the results of the analyzed year, that is by 35,39% or by UAH 1,02 bn. more than at the beginning of 2011. Positive dynamics is noted for all the components of Bank's liabilities: funds of individuals have increased by 26,63% or by UAH 276,6 mln., funds of legal entities have grown by UAH 194,8 mln., and the increase in funds, raised from other banks, has constituted 32,63% or UAH 178,4 mln. As of 01.01.2012 the structure of the Bank's resource base has been distributed as follows: funds of individuals have amounted to 33,82% of total liabilities, funds of legal entities – 24,76%, the proportion of commitments to other banks has accounted for 18,65% that indicate a good level of the resource base diversification as a whole.

3. The Bank's net profit has increased by 72,41% or by UAH 1,5 mln. following the results of 2011 and has constituted UAH 3,5 mln. as of 01.01.2012. The key factor of the Bank's profit rise has been an increase in net interest income by 31,85% or by UAH 29,3 mln. The average growth rate of net interest income on the banking system has constituted only 3,7% for the same period, and total financial result of Ukrainian banks is still negative.

4. The increase in Bank's shareholders' equity has constituted 2,04% or UAH 14,5 mln. over the period 01.01.2011 – 01.01.2012. As a result, it has reached UAH 651,2 mln. following the results of 2011. At the same time, the capital adequacy of the Bank has reduced by 3,8 p.p.: from 18,14% as of 01.01.2011 up to 14,34% as of 01.01.2012 due to the dynamic increase of liabilities. Such changes of this indicator don't reduce the Bank's solvency at all and reflect a realization of the policy concerning the efficiency improvement of using its own resources.

Therefore, key indicators of the activity of PJSC «MEGABANK» and its dynamics indicate positive trends of its development in 2011. The rates of increasing assets, including loans and liabilities of the Bank, confidently exceed the average market dynamics. At the same time, the Bank succeeds in maintaining a good quality of loan portfolio that is positively reflected in the financial results of the activity and is a stable source of generating income. An adequate level of capital enables the Bank to correspond to the requirements of solvency and to perform its commitments to depositors and other lenders.

Analytical service of RA «Expert-Rating»