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PJSC “AGROPROSPERIS BANK” has been assigned ratings

December 8, 2017 at the meeting of the rating committee of Rating agency “Expert-Rating” it was decided to assign a long-term credit rating of PJSC "AGROPROSPERIS BANK" (35590956) at the level uaAA according to the national scale and a deposit rating at the level ua1 according to the Agency's national scale. Bank (borrower) or separate bond instrument with rating uaAA is characterized by a very high solvency compared to other Ukrainian banks (borrowers) or bond instruments. When assigning the rating the Agency was guided by the analysis of the Bank's statements, the analysis of the performance indicators for 2016-2017, as well as by the data on the Bank's shareholder and its activity and the further key conclusions:

1. On formal grounds, the share of PJSC "AGROPROSPERIS BANK" in the banking system of Ukraine during the last 3 years, fluctuated at the level 0,001%–0,03% of the banking system assets. A small share of the Bank in the banking system of Ukraine has no significant impact on its credit rating due to the availability of a high level of external support. As well, the Bank clearly outlined the segment of specialization – financing of agribusiness in Ukraine that puts it in a certain framework in selecting clients.

2. The external support from the Bank's shareholder is identified as unprecedented high. The only shareholder of the Bank is the company Agro Holdings (Ukraine) Limited, whose indirect owner is the fund NCH Agribusiness Partners II, L.P. The investors of the fund are well-known international financial institutions, universities, US and European pension funds, including the EBRD. Fund NCH Agribusiness Partners II, L.P is included into the group of investment funds under management of NCH Advisors (CIIA). It is founded in 1993 in New-York, NCH Advisors manages the investments of over USD 3 bn through 9 regional offices all over the world. The company is guided in accordance with Western standards of doing business and corporate management and stably demonstrates high operational and financial indicators. In 2016 net profit of “AGROPROSPERIS” amounted to USD 127 mln with revenue of USD 411 mln.

3. PJSC "AGROPROSPERIS BANK" entered the fourth quarter of 2017 with authorized capital and regulatory capital, which exceeded UAH 200 mln, which is the minimum for the amount of authorized and regulatory capital according to new NBU requirements, which entered into force in July, 2017. During the entire analysis period PJSC "AGROPROSPERIS BANK" maintained an unprecedented high reserve on the regulatory capital adequacy ratio (N2). As of December 1, 2017 the Bank's N2 ratio amounted to 159,72% with the normative value of not less 10% and the average value 15,03% on the banking system. On 23.11.2017 PJSC "AGROPROSPERIS BANK" received a temporary certificate of the SSMSC on the registration of the issue of shares in the amount of UAH 100 mln and in fact received funds from the Shareholder to purchase shares. The Agency expects the completion of all registration and bureaucratic procedures of registration in the first quarter of 2018.

4. PJSC "AGROPROSPERIS BANK" kept a conservative strategy of managing instant, current and short-term liquidity. The Bank on a systematic basis during over 12 months maintained a significant reserve of the N4, N5 and N6 liquidity ratios with respect to the limit values, set by NBU, and with respect to the average values of these norms on the banking system of Ukraine. Thus, throughout over the year PJSC "AGROPROSPERIS BANK" was unprecedented well provided with liquidity that positively affected its long-term credit rating.

5. As of September 30, 2017 the loan portfolio of PJSC "AGROPROSPERIS BANK" was mostly represented by short-term loans to legal entities in agricultural industry. Loans to legal entities were secured mainly by agricultural machinery, goods in circulation and rights for the future harvest. As of September 30, 2017 the 95% of the issued loans to legal entities were classified to the 1-5 categories of borrowers according to the data and NBU classification. The Bank didn't provide loans to individuals. The Agency interprets this indicator as a high quality of the Bank's loan portfolio.

6. For the 9 months of 2017 compared to the 9 months of 2016 the Bank managed to increase net interest income by 26,39%, net fee and commission income – by 304,91%. The result from foreign currency trade for the first three quarters of 2017 amounted to UAH 0,785 mln that in 10,33 times exceeds the same indicator for the 9 months of 2016. A considerable reduction of loss against the background of the increase in key income items, in the Agency's opinion, indicates the Bank's possible return to the profitable activity in the next reporting periods.

Analytical service of RA «Expert-Rating»