

**Rating action:** Updated National Scale Long-Term Credit Rating  
 Date of rating action: 06.09.2022  
 Date of publication: 06.09.2022

**Issuer:** JSC «UKRSIBBANK»  
 EDRPOU code of the issuer: 09807750  
 Web-site of the issuer: [www.ukrsibbank.com](http://www.ukrsibbank.com)



## Rating of JSC “UKRSIBBANK” is updated

**September 6, 2022** at the Rating Committee meeting of RA “Expert-Rating” the National Scale Long-Term Rating of JSC «UKRSIBBANK» (EDRPOU code 09807750) was updated at **uaAAA** according to the national scale. According to Resolution of the Cabinet of Ministers of Ukraine No. 665 dated April, 26, 2007, the **uaAAA**-rated Bank or separate debt instrument is characterized by the highest solvency compared to other Ukrainian banks or debt instruments. When taking the decision to update the rating, the Agency considered the Bank’s performance for the first half of 2022 year, as well as the Bank’s statistical reporting for the 2021 year and January-July, 2022.

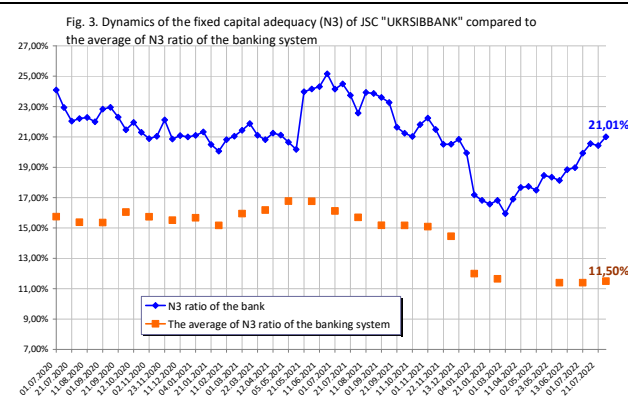
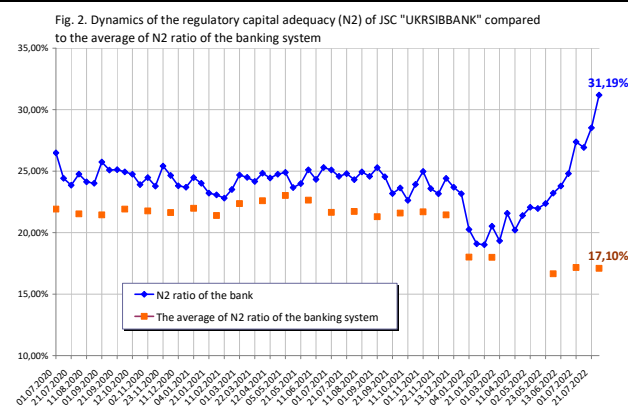
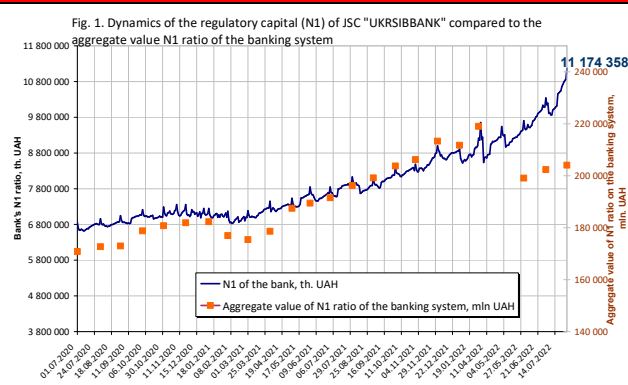
### Equity and Capital Adequacy

Throughout 2021 and January-July 2022, JSC «UKRSIBBANK»’s regulatory capital (N1) fluctuated between UAH 6.826 bn. and 11.174 bn., by demonstrating a stable upward trend. Since the beginning of 2022, the Bank’s regulatory capital (N1) has grown by 25.40% and as of August 1, 2022, amounted to UAH 11.174 bn.

In the period from January, 4, 2021, to August 1, 2022, JSC «UKRSIBBANK»’s regulatory capital adequacy ratio (N2) fluctuated between 19.02% and 31.19%. At the same time, throughout the given period, the Bank’s N2 ratios constantly and significantly exceeded the NBU limit level while being higher than Ukraine’s banking system averages of this normative. As of August 1, 2022, the Bank’s N2 ratio grew to 31.19%, exceeding the regulator’s threshold of 10% in 3,12 times, while being higher by 14.09 p.p. than Ukraine’s banking system average of N2 ratio.

JSC «UKRSIBBANK»’s fixed capital adequacy ratio (N3) throughout 2021 and January-July of 2022 fluctuated between 15.95% and 25.16%, and constantly and significantly exceeded the NBU threshold while being significantly higher than its market averages of this normative. As of August 1, 2022, the Bank’s N3 ratio was at 21.01%, exceeding the regulator’s threshold of 7% in thrice and exceeding the average market level of N3 ratio by 9.51 p.p.

Therefore, as at early August, 2022, JSC «UKRSIBBANK» was very well provided with the regulatory and fixed capital. In particular, the Bank’s N2 and N3 ratios both in times exceeded the NBU thresholds and were significantly higher than the averages of these normative indicators on the Ukrainian banking system.



## Asset structure and quality

For the period from January 1, 2021 to July 1, 2022 JSC «UKRSIBBANK»'s total assets grew by 13.34% and amounted to UAH 88.846 bn., while the Bank's loan portfolio decreased by 15.24% down to UAH 24.123 bn., whereas its proportion in assets of JSC «UKRSIBBANK» decreased by 9.15 p.p. (from 36.30% down to 27.15%).

High liquid instruments, as before, continued to account for a significant part of the Bank's asset structure. Thus, as of July 1, 2022 cash and funds in NBU amounted to UAH 5.624 bn., accounting for 6.33% of JSC «UKRSIBBANK»'s assets, and the Bank's portfolio of securities amounted to UAH 28.883 bn, accounting for 32.51% of its assets (while 89.17% of the securities portfolio of JSC «UKRSIBBANK» consisted of financial instruments refinanced by NBU). The Agency notes that JSC «UKRSIBBANK» remains to be an active player in the interbank market: as of April, 1, 2022, the Bank's funds with other financial institutions amounted to UAH 27.088 bn. or 30.49% of assets of JSC «UKRSIBBANK». Therefore, as at the beginning of the second half of 2022, the Bank's assets remained well diversified, that decreased the level of the portfolio risks.

In the period from January 1, 2022 to July 1, 2022 JSC «UKRSIBBANK»'s loan portfolio NPL share grew by 2.83 p.p. to 5.34% (the Agency calculates NPL as the proportion of the fifth class on loans to individuals and the tenth class on loans to legal entities in the Bank's loan portfolio), while the national NPL average amounted to 31.07%. Thus, as at early July 2022, the Bank's NPL share was 5.8 times lower than the market average.

Fig. 4. Proportion of customer credits and debt in assets of JSC «UKRSIBBANK»

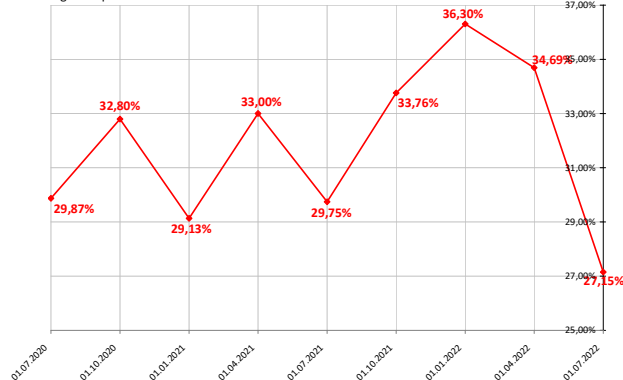
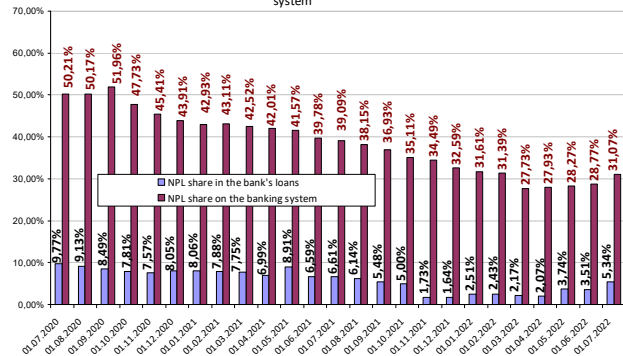


Fig. 5 Data on NPL share in the loan portfolio of JSC «UKRSIBBANK» and in the banking system



## Liquidity

Throughout the period from April 1, 2021 to August 1, 2022 Net Stable Financing Ratio (NSFR) of JSC «UKRSIBBANK» fluctuated in the range from 153.10% to 239.07% and constantly and significantly exceeded the threshold. As of August 1, 2022 the Bank's NSFR amounted to 239.07% that in 2.66 times exceeded the limit value, set by NBU (not less 90%).

Liquidity Coverage Ratio on all currencies (LCRac) of JSC «UKRSIBBANK» between January, 1, 2021, and August 1, 2022, ranged between 230.12 and 378.66% and constantly in times exceeded the NBU thresholds. As of August 1, 2022, the Bank's LCRac amounted to 317.66%, exceeding the regulator's threshold in 3.18 times.

Liquidity Coverage Ratio in foreign currency (LCRfc) of JSC «UKRSIBBANK» throughout 2021 and January-July 2022 ranged between 161.61% and 379.22%, significantly exceeding the NBU thresholds. As of August 1, 2022, the Bank's LCRfc amounted to 288.10%, which was 2.88 times higher than the NBU statutory value.

Therefore, in the Agency's opinion, as at early August 2022, JSC «UKRSIBBANK» was very well provided with liquidity, as indicated by the Bank's ratios NSFR, LCRac and LCRfc, which significantly exceeded the regulator's thresholds.

Fig. 6. Dynamics of Net Stable Financing Ratio (NSFR) of JSC «UKRSIBBANK»

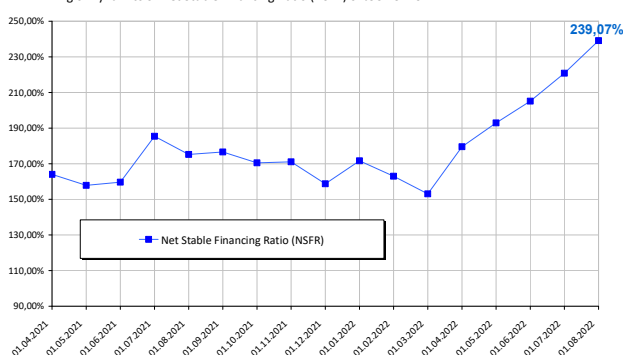
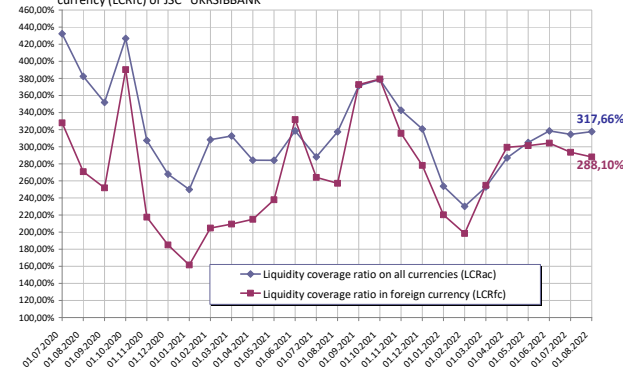


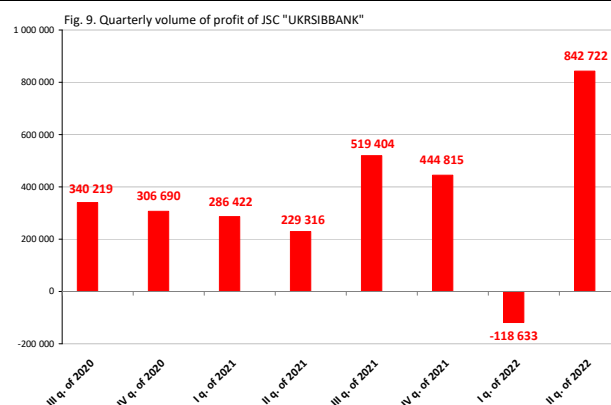
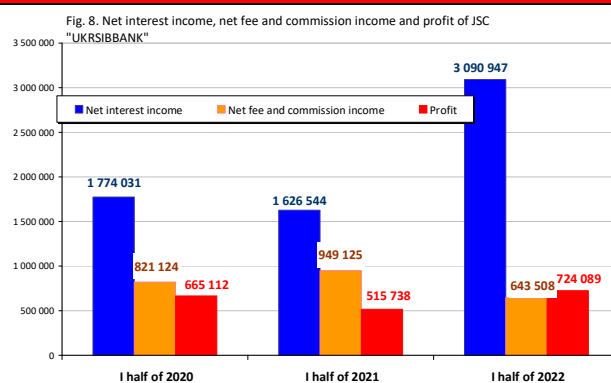
Fig. 7. Dynamics of Liquidity Coverage Ratios on all currencies (LCRac) and in foreign currency (LCRfc) of JSC «UKRSIBBANK»



## Profitability of Transactions

The 2022 1H results showed JSC «UKRSIBBANK» demonstrated high financial results. In particular, the Bank's profit amounted to UAH 724.089 mln that was by 40.40% more than for the first half of 2021 year. The key factor of the increase in profit of JSC «UKRSIBBANK» became high growth rates of the Bank's net interest income, which in the first half of 2022 year compared to the same period of 2021 year increased by 90.03% up to UAH 3.091 mln. At the same time, net fee and commission income of JSC «UKRSIBBANK» decreased by 32.20% down to UAH 643.508 mln.

Thus, in the analyzed period JSC «UKRSIBBANK» considerably increased profit and net interest income. The Agency draws attention that the Bank returned to the profitable activity, having generated profit of UAH 842.722 mln for the second quarter of 2022 year. The Bank's constant profitable activity (except for the first quarter of 2022 year) indicates a high efficiency of its operational activity. Besides, the loss-making activity of the Bank in the first quarter of 2022 is, among other things, related to the increase in deductions to provisions, which, in particular, is caused by the increase in risks due to the attack of Russia and the introduction of martial law.



## Other Drivers

The Agency notes that JSC «UKRSIBBANK» has an unprecedented high level of external support from its shareholders: BNP Paribas and the EBRD.

## Summary

At the time of the update, JSC «UKRSIBBANK» fulfilled its commitments to clients and lenders in line with the applicable legislation and was not classified by the NBU as a failing bank.

As at early August, 2022 JSC «UKRSIBBANK» was very well provided with regulatory and fixed equity: the Bank's N2 and N3 ratios in times exceeded the NBU thresholds and were considerably higher than the average market indicators. As well, JSC «UKRSIBBANK» was very well provided with liquidity: as at early August 2022, the Bank's ratios NSFR, LCRac and LCRfc significantly exceeded the regulator's thresholds. As at July 1, 2022 the assets of JSC «UKRSIBBANK», as before, were characterized by a high share of high liquid instruments and were well diversified that decreased the impact of the portfolio risks on the Bank's activity. The Bank's loan portfolio was characterized by a high quality: as at July 1, 2022, the Bank's NPL share was 5.8 times lower than the market average. In the analyzed period JSC «UKRSIBBANK» significantly increased its profit (by 40.40% up to UAH 724.089 mln) and its net interest income (by 90.03% up to UAH 3.091 bln). The Bank has constantly been generating significant amounts of profit over the recent eight consecutive quarters (except for the first quarter of 2022 year) that indicates a high efficiency of its operational activity.

The Agency repeatedly reminds that JSC «UKRSIBBANK» has an unprecedented high level of external support from its shareholders: BNP Paribas and the EBRD.

The agency notes that the current rating level determines the probability of default in the case of bank operations under normal circumstances and does not take into account force majeure circumstances, as well as the effect of other force majeure circumstances.

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