

Rating action: Update of a long-term credit rating according to the national scale

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The issuer: PJSC "CB "GLOBUS"

USREOU code of the issuer: 35591059

Web-site of the issuer: www.globusbank.com.ua



www.expert-rating.com

Rating of PJSC "CB "GLOBUS" is confirmed

July 12, 2017 the rating committee of RA "Expert-Rating" has decided to update the credit rating of PJSC "CB "GLOBUS" (35591059) at the level uaA+ according to the national scale with a positive outlook. As well, the deposit rating is updated at the level ua2+ according to the Agency's scale. The borrower with rating uaA+ is characterized by a high solvency compared to other Ukrainian borrowers. Making decision to confirm the rating according to the national scale, RA "Expert-Rating" was guided by the key results of the Bank's activity for the 2016 and the first quarter of 2017, particular and regular information of the Bank as an issuer of securities, and by specific forms of the Bank's statistic statements for January-May of 2017.

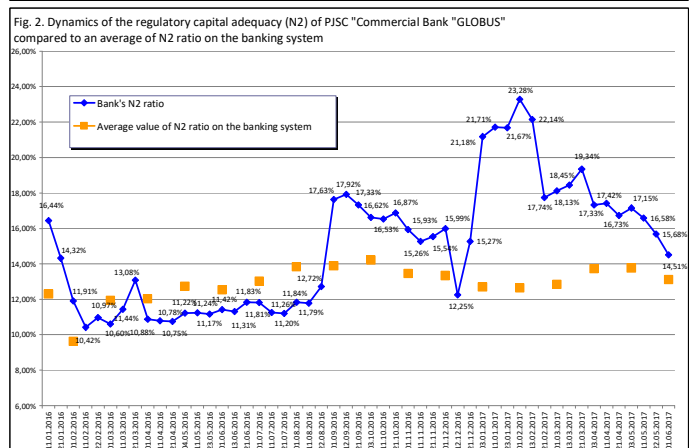
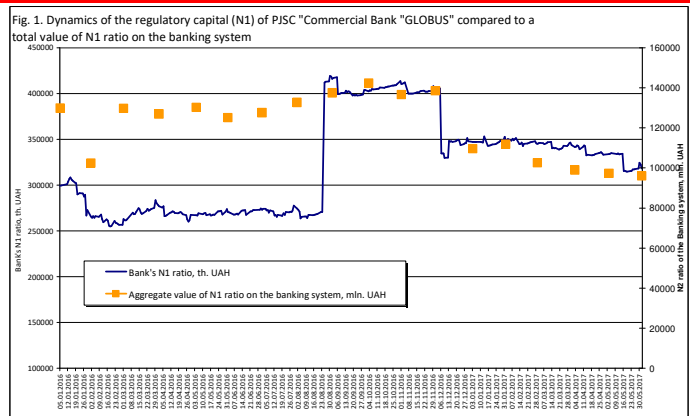
Equity and capital adequacy

As of 01.06.2017 the regulatory capital of PJSC "CB "GLOBUS" (N1) has amounted to UAH 318,2 mln that is by 8,1% lower than the indicator as of 03.01.2017 and is significantly higher than the minimal value of N1 ratio, set by NBU, even including the increase in the limit value, set by NBU since July 11, 2017.

The regulatory capital adequacy normative of PJSC "CB "GLOBUS" (N2) as of 01.06.2017 has amounted to 14,51% that is by 6,67 p.p. more than as of 03.01.2017. The Agency reminds that N2 ratio, set by NBU, shouldn't be lower 10%. As well, the Bank's N2 ratio during December of 2016 – May of 2017 has been constantly higher than the average of this normative on the banking system.

The Agency reminds that on 23.05.2016 the Bank's shareholders made decision to increase the authorized capital by UAH 140 mln, this action has become the reason for a significant increase in N1 and N2 ratios on 23-25 August. The support on the part of the Bank's shareholders has resulted in maintaining a considerable reserve on equity ratios since August of 2016.

According to the Agency's assessments, PJSC "CB "GLOBUS" is ready for toughening the equity ratios since July of 2017.

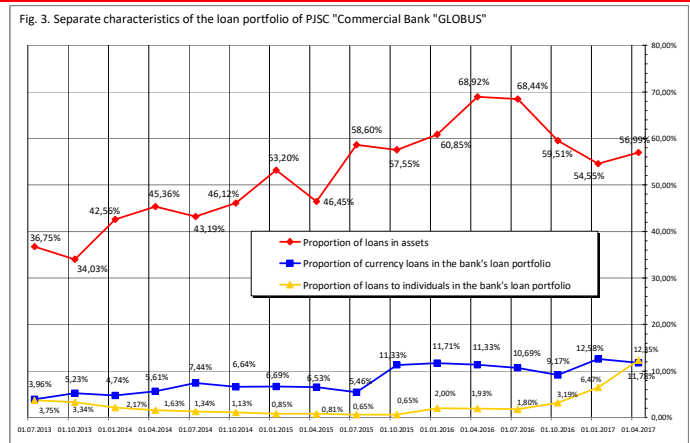


Asset structure and quality

For the last 16 quarters the proportion of loans in assets of PJSC "CB "GLOBUS" has grown from 36,75% up to 56,99%. According to the Agency, the growth of the proportion of loans in the Bank's assets deserves a positive assessment and should positively affect the Bank's revenues.

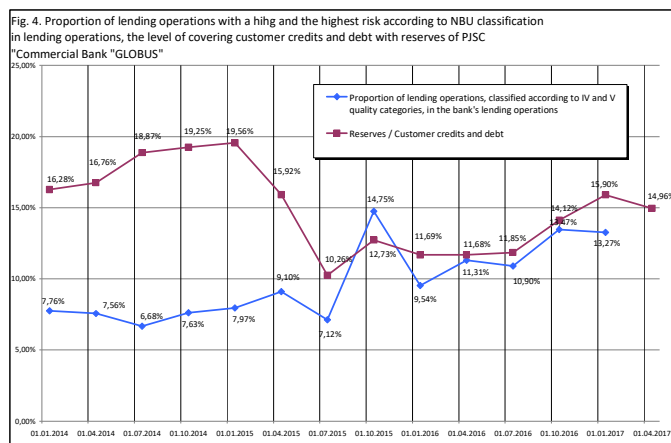
For the same period the proportion of currency loans in the Bank's portfolio has grown from 3,96% to 11,78%, but still remains insignificant and can't have a noticeable impact on the quality of the Bank's loan portfolio.

For the last three quarters the proportion of



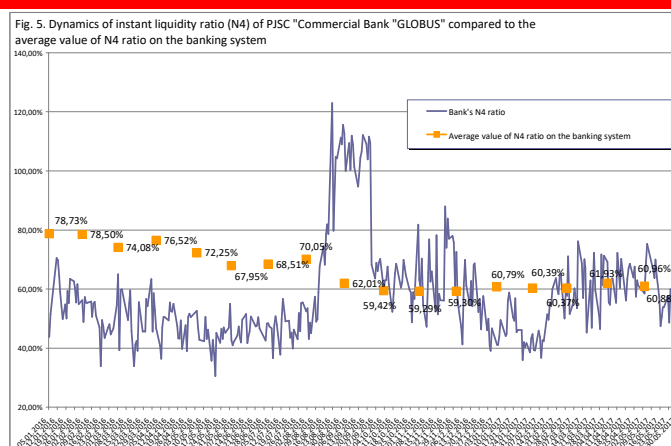
individuals in the Bank's loan portfolio has grown from 1,8% up to 12,35%; that has been the greatest growth of this indicator for the entire history of observations. The growth of this indicator deserves a positive assessment, since indicates the fact that PJSC "CB "GLOBUS" has continued to improve the diversification of the loan portfolio, decreasing the concentration of loans to legal entities.

The level of covering clients' credits and debt with reserves for the 16 quarters has gradually decreased from 16,28% down to 14,96%. For the first quarter of 2017 this indicator has decreased from 15,9% down to 14,96% that can indirectly indicates the growth of the loan portfolio's quality.

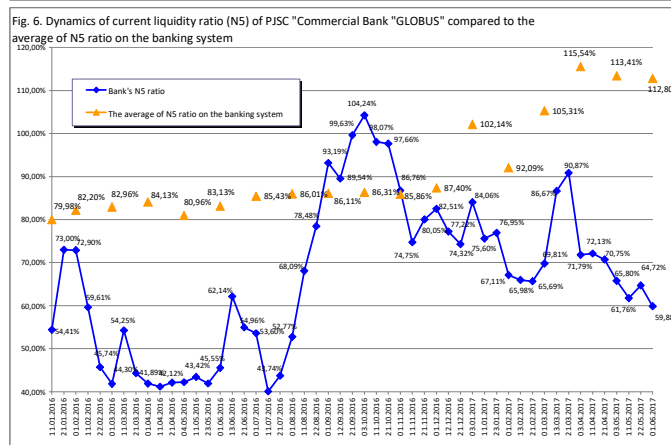


Liquidity

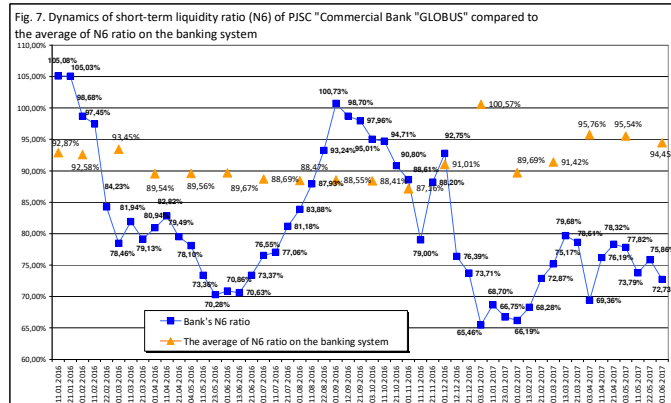
Instant liquidity ratio of PJSC "CB "GLOBUS" (N4) as of 01.06.2017 has amounted to 50,71% that is by 30,51 p.p. higher than the limit value set by NBU. It should be noted that during the first five months of 2017 the Bank's N4 ratio has been higher and lower than the average values of N4 ratio on the banking system, but during the entire analysis period the Bank has maintained a noticeable reserve of N4 ratio to the limit value, set by NBU.



Current liquidity ratio of PJSC "CB "GLOBUS" (N5) during the five months of 2017 has fluctuated in the range from 59,88% to 90,87%, but the N5 ratio hasn't dropped lower the limit level 40%, set by the regulator, and on 01.06.2017 has amounted to 59,88%.



Short-term liquidity ratio of PJSC "CB "GLOBUS" (N6) during the first five months of 2017 has fluctuated in the range from 65,46% to 79,68%. The Bank's N6 ratio hasn't dropped lower than the limit level 60%, set by the regulator, and on 01.06.2017 has amounted to 72,73%.



The Agency draws attention that for January-May of 2017 the Bank on a systematic basis has maintained a reserve on all the three liquidity ratios with respect to the limit value, set by NBU. On 01.06.2017 a significant reserve with respect to the limit values, set by NBU, was formed on all the three liquidity ratios.

Therefore, in the Agency's opinion, during the first five months of 2017 PJSC "CB "GLOBUS" has been very well provided with liquidity.

Profitability of operations

The Agency reminds that PJSC “CB “GLOBUS” has finished the 2016 with loss of UAH 84,003 mln, against profit of UAH 0,305 mln for the 2015. The Bank has finished the first quarter of 2017 with net profit of UAH 10,597 mln that is in 18,62 times more than for the same period of 2016.

Perceiving the data of the Bank’s revenues, it should be taken into consideration that during the last 14 quarters PJSC “CB “GLOBUS” has rarely allowed an unprofitable activity (except the IV quarter of 2015 and the III-IV quarters of 2016).

Additionally, one should draw attention that for the first quarter of 2017 net commission income of the Bank has amounted to UAH 19,732 mln that is in 3,44 times more than for the first quarter of 2016, and net interest income, on the contrary, has reduced in 1,8 times. The replacement of interest incomes with commission ones in PJSC CB GLOBUS deserves a positive assessment, as it usually indicates a good quality of the Bank's business model.

Fig. 8. Net interest income, net commission income and profit of PJSC "Commercial bank "GLOBUS"

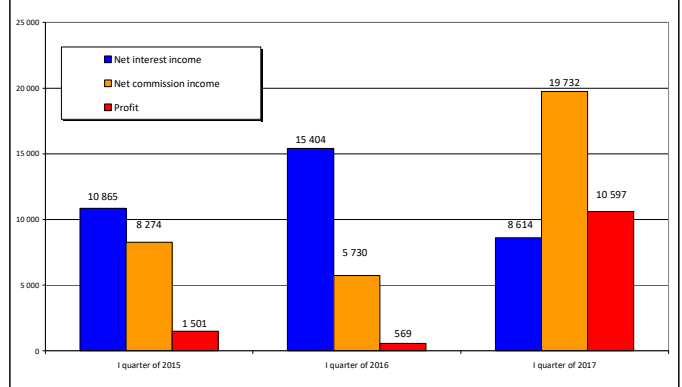
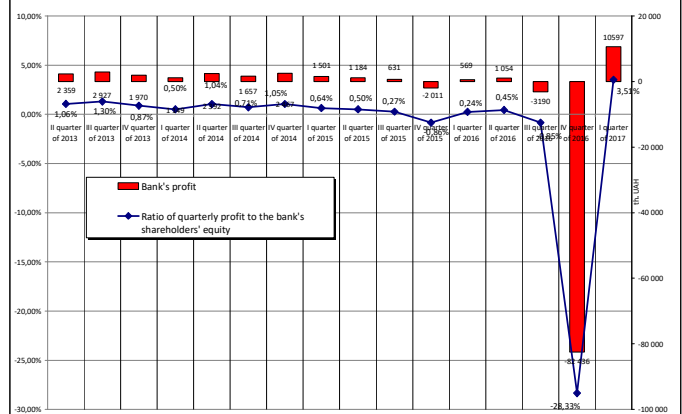


Fig. 9. Quarterly volume of profit of PJSC "Commercial Bank "GLOBUS"



Other factors

Verification on public databases of the State Fiscal Service showed that at the moment of the rating update PJSC “CB “GLOBUS” was registered in authorities of the SFS and didn’t have any tax debt.

As well, it was established that the Bank wasn’t referred by NBU to the category of problem ones, complied with key ratios, set by NBU, and performed commitments to lenders and depositors within the current legislation, rules and procedures of the Bank.

Generalization

PJSC “CB “GLOBUS” has been well provided with regulatory capital and liquidity. The Bank’s activity has been profitable in the first quarter of 2017. The Agency updates the Bank’s rating with positive outlook, taking into consideration the revealed trends in the process of trend analysis.

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