

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

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The issuer: JSC "CB "GLOBUS"

USREOU code of the issuer: 35591059

Web-site of the issuer: <http://www.globusbank.com.ua>



www.expert-rating.com

Ratings of JSC "CB "GLOBUS" are updated

September 6, 2021 the rating committee of RA "Expert-Rating" has decided to update the credit rating of JSC "CB "GLOBUS" (35591059) at the level **uaAA** according to the national scale. As well, the Bank's deposit rating has been updated at the level **ua2+** according to the Agency's scale. The borrower with rating **uaAA** is characterized by a very high solvency compared to other Ukrainian borrowers. Making decision to update the rating according to the national scale, RA "Expert-Rating" was guided by the key results of the Bank's activity for the first half of 2021 year, particular and regular information of the Bank as an issuer of securities, and by specific forms of the Bank's statistic statements for January-July, 2021.

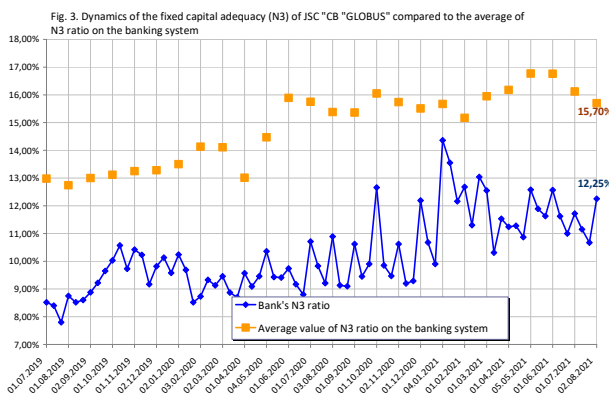
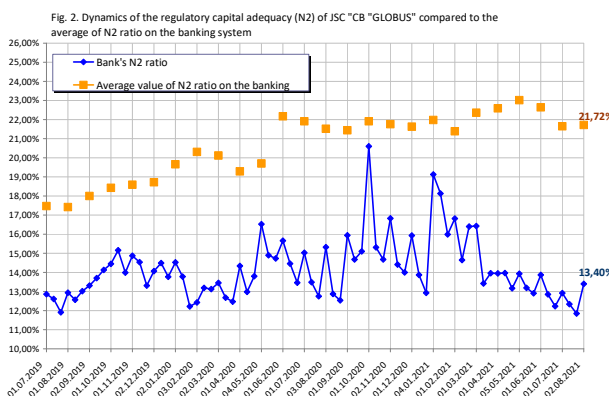
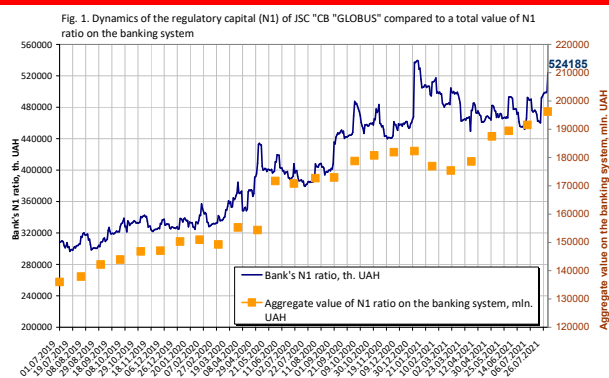
Equity and capital adequacy

Throughout the 2020 year and January-July, 2021 the regulatory capital of JSC "CB "GLOBUS" (N1) has fluctuated in the ranges from UAH 324,673 mln. to 539,536 mln. Since the beginning of 2021 year the Bank's regulatory capital (N1) has decreased by 2,41% and as of 02.08.2021 its volume has amounted to UAH 524,185 mln that in 2,62 times has exceeded the limit value, set by NBU for this normative, at the level UAH 200 mln.

The regulatory capital adequacy normative of JSC "CB "GLOBUS" (N2) in the period from 02.01.2020 to 02.08.2021 has fluctuated in the ranges from 11,85 to 20,60% and, despite the uneven dynamics, advantageously with a noticeable reserve has exceeded the limit value, set by NBU, but has been lower than the averages of this normative on the Ukrainian banking system. As of 02.08.2021 the Bank's N2 ratio has amounted to 13,40% that by 3,40 p.p. has exceeded the limit level, set by the regulator, but has been by 8,32 p.p. less than the average-market indicator.

The fixed capital adequacy of JSC "CB "GLOBUS" (N3) during the 2020 year and January-July of 2021 has fluctuated in the ranges 8,52%-14,36% and with a reserve has exceeded the limit value, set by NBU, but has been lower than the average-market indicators of this normative on the Ukrainian banking system. As of 02.08.2021 the Bank's N3 ratio has amounted to 12,25% that by 5,25 p.p. has exceeded the limit level, set by the regulator, but has been by 3,45 p.p. lower than the average-market indicator.

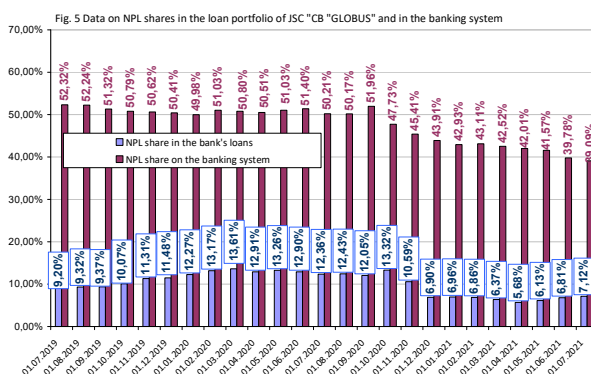
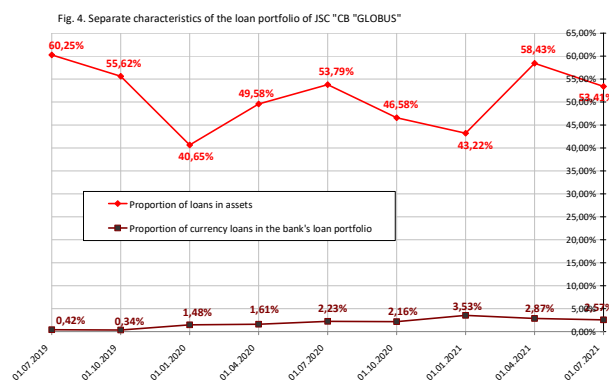
Thus, as at the beginning of August, 2021 JSC "CB "GLOBUS" continued to maintain the regulatory and fixed capital adequacy ratios (N2 and N3) with a noticeable reserve with respect to the limit values, set by NBU, at the same time its level hasn't exceeded the average indicators of N2 and N3 ratios on the Ukrainian banking system.



Asset structure and quality

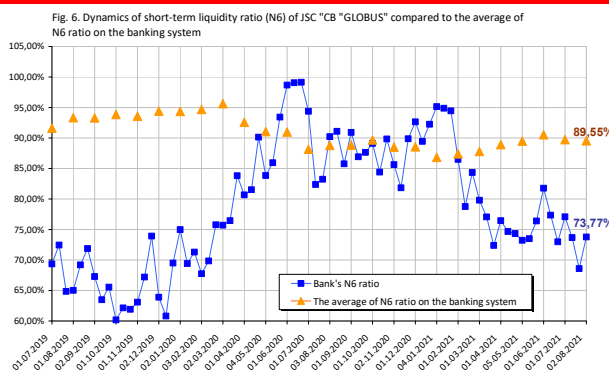
As of 01.07.2021 compared to 01.01.2021 the assets of JSC “CB “GLOBUS” have grown by 13,17% up to UAH 6,086 bn., customer credits and debt of the Bank have increased by 39,84% and have amounted to UAH 3,250 bn., and its proportion in assets of JSC “CB “GLOBUS” has demonstrated the increase by 10,19 p.p. (from 43,22% up to 53,41%). The proportion of currency loans in the Bank’s loan portfolio for the given analysis period has decreased by 0,96 p.p. down to 2,57%, (that makes the minimal level of direct impact of currency risk), and the proportion of loans to individuals in the loan portfolio has reduced by 7,70 p.p. down to 42,14%.

Throughout the period from 01.01.2020 to 01.07.2021 the proportion of non-performing loans (NPL) in the loan portfolio of JSC “CB “GLOBUS”, which is calculated by the Agency as a sum of the fifth class (for loans to individuals) and the tenth class (for loans to legal entities), has fluctuated in the range from 5,68% up to 13,61%. As of 01.07.2021 the NPL share in loans of JSC “CB “GLOBUS” has amounted to 7,12%, while the average of the NPL share on the Ukrainian banking system has been at the level 39,09%. Therefore, as at the beginning of July, 2021 year the Bank’s NPL indicator has been in 5,49 times lower than the average market value.

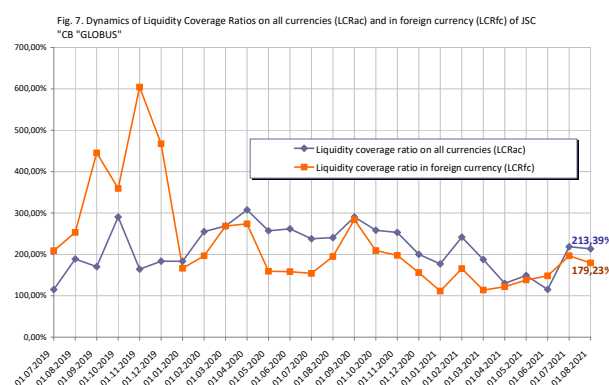


Liquidity

Short-term liquidity ratio of JSC “CB “GLOBUS” (N6) throughout the 2020 year and January-July, 2021 has fluctuated in the ranges 67,75%-99,13% and has demonstrated a multidirectional dynamics, but at the same time almost on a constant basis with a noticeable reserve has exceeded the limit value, set by NBU, and also periodically has exceeded the averages of this normative on the Ukrainian banking system. As of 02.08.2021 the Bank’s N6 ratio has amounted to 73,77% that by 13,77 p.p. has exceeded the limit level, set by NBU, but has been by 15,78 p.p. less than the average market indicator.



Liquidity coverage ratio on all currencies (LCRac) of JSC “CB “GLOBUS” in the period from 01.01.2020 to 01.08.2021 has fluctuated in the range 115,28%-307,48% and advantageously more than in twice has exceeded the limit values, set by NBU. As of 02.08.2021 the Bank’s LCRac has amounted to 213,39%, that in 2,13 times has exceeded the normative value, set by NBU.



Liquidity coverage ratio in foreign currency (LCRfc) of JSC “CB “GLOBUS” throughout the period from 01.01.2020 to 02.08.2021 has fluctuated in the ranges from 111,43% to 283,96%, advantageously with a significant reserve exceeding the limit value, set by the regulator. As of 01.08.2021 the Bank’s LCRfc has amounted to 179,23%, that by 79,23 p.p. has exceeded the normative level, set by NBU.

Net Stable Financing Ratio (NSFR) of JSC “CB “GLOBUS” as of 02.08.2021 has amounted to 99,39% that by 19,39 p.p. has exceeded the limit value, set by NBU, for this normative (at the level not less 80%). This ratio sets a minimum required level of stable financing sufficient to finance the bank’s activity on the horizon for one year.

Thus, as at the beginning of August, 2021 JSC “CB “GLOBUS” continued to maintain a sufficient level of liquidity provision, as indicated by the Bank’s respective norms (N6, LCRac, LCRfc and NSFR), which with a reserve have exceeded the limit values, set by NBU.

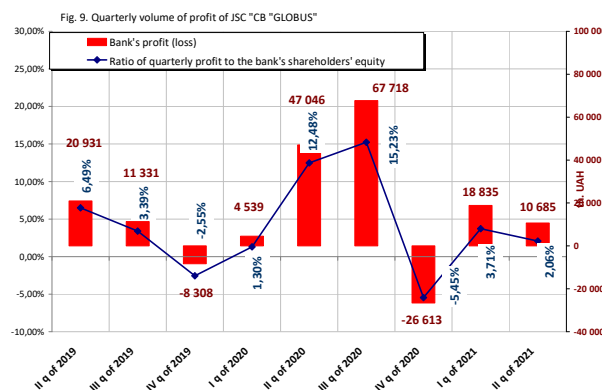
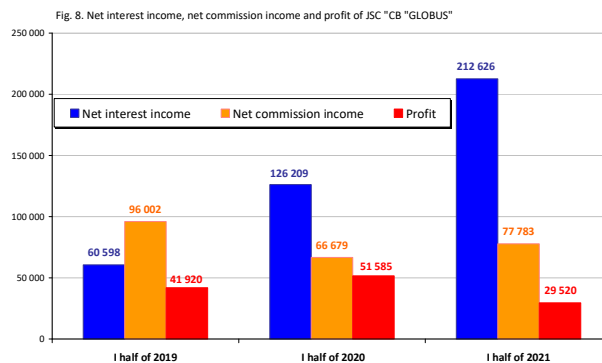
Profitability of operations

According to the results of the first half of 2021 year JSC “CB “GLOBUS” has received profit of UAH 29,520 mln., that is by 42,77% less than profit received by the Bank according to the results of the first half of 2020 year.

At the same time, throughout the given analysis period the key items of revenues of JSC “CB “GLOBUS” have demonstrated a positive dynamics: net interest income of the Bank has grown by 68,47% and has amounted to UAH 212,626 mln., and net commission income of JSC “CB “GLOBUS” has increased by 16,65% up to UAH 77,783 mln.

Among the factors that caused the pressure on the Bank's profit, due to its downward dynamics, it is worth noting the following: the decrease in net profit from operations with financial instruments (which are carried at fair value through profit or loss) by 83,08% (or by UAH 65,111 mln), the increase in costs of payments to employees by 30,86% (or by UAH 42,004 mln), as well as the increase in other administrative and operating costs by 62,85% (or by UAH 21,576 mln).

At the same time, the Agency appreciates the fact of JSC “CB “GLOBUS” maintenance of profitable activity against the background of an upward dynamics of key items of its revenues that enabled to generate a rather significant financial result (in the amount of UAH 29,520 mln) under conditions of ongoing quarantine restrictions.



Other factors

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

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

Thus, as at the beginning of August, 2021 JSC “CB “GLOBUS” was sufficiently provided with equity (regulatory and fixed) and liquidity, as indicated by the Bank's respective ratios, which with a noticeable reserve have exceeded the limit values, set by NBU. As of 01.07.2021 the NPL share in the loan portfolio of JSC “CB “GLOBUS” was in 5,49 times lower than the average NPL indicator on the Ukrainian banking system. According to the results of the first half of 2021 year JSC “CB “GLOBUS” received profit of UAH 29,520 mln that was by 42,77% less than profit obtained by the Bank according to the results of the first half of 2020 year. At the same time, the Agency appreciates the fact of JSC “CB “GLOBUS” maintenance of profitable activity against the background of an upward dynamics of key items of its revenues that enabled to generate a rather significant financial result under conditions of the ongoing quarantine.

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