

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

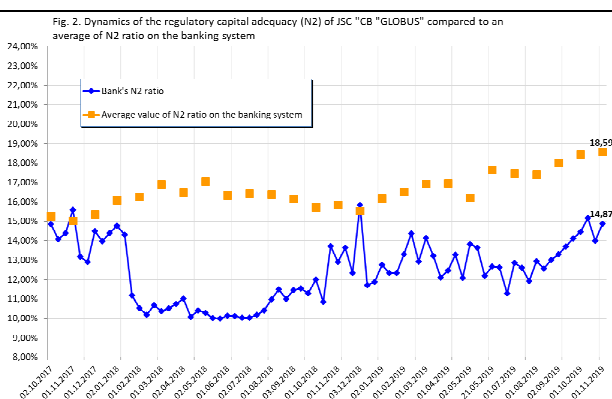
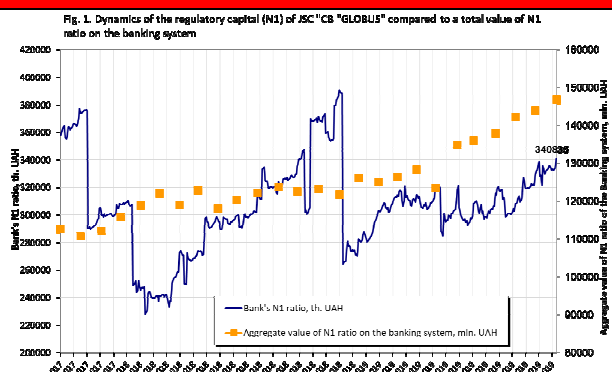
December 10, 2019 the rating committee of RA "Expert-Rating" has decided to update the credit rating of JSC "CB "GLOBUS" (35591059) at the level **uaAA** according to the national scale. As well, the Bank's deposit rating has been updated at the level **ua2+** according to the Agency's scale. The borrower 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 9 months of 2019, particular and regular information of the Bank as an issuer of securities, and by specific forms of the Bank's statistic statements for January-October, 2019.

Equity and capital adequacy

Throughout the 2018 year and January-October, 2019 the regulatory capital of JSC "CB "GLOBUS" (N1) has fluctuated in the range UAH 227,652-390,789 mln. The dynamics of the Bank's N1 ratio throughout the given period has been multidirectional, but since January, 2019 its values again continued to demonstrate an upward trend. For the period from 02.01.2019 to 01.11.2019 the regulatory capital of JSC "CB "GLOBUS" has grown by 20,83% and has amounted to UAH 340,835 mln that by UAH 140,835 mln. exceeds the limit value of UAH 200 mln, set by NBU.

The Bank's regulatory capital adequacy normative (N2) during the period from 02.01.2019 to 01.11.2019 has fluctuated in the range from 10% to 15,84%. Throughout the given analysis period JSC "CB "GLOBUS" didn't violate the NBU requirements to the N2 ratio, but its level was advantageously lower than the averages of this normative on the Ukrainian banking system. As of 01.11.2019 the Bank's N2 ratio has amounted to 14,87% that by 4,87 p.p. exceeded the limit value, set by NBU, but has been by 3,72 p.p. lower than the average-market indicator.

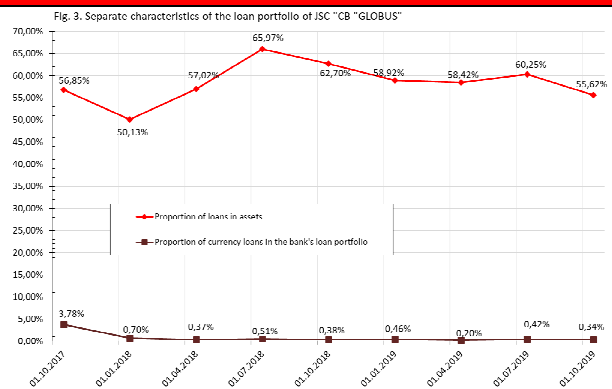
Therefore, throughout the 2018 year and January-October, 2019 the Bank has demonstrated multidirectional dynamics of equity ratios. At the same time, in the Agency's opinion, as at the beginning of November, 2019 JSC "CB "GLOBUS" created and maintained a noticeable reserve on the N1 and N2 ratios, that indicates a sufficient level of the Bank's provision with regulatory capital.



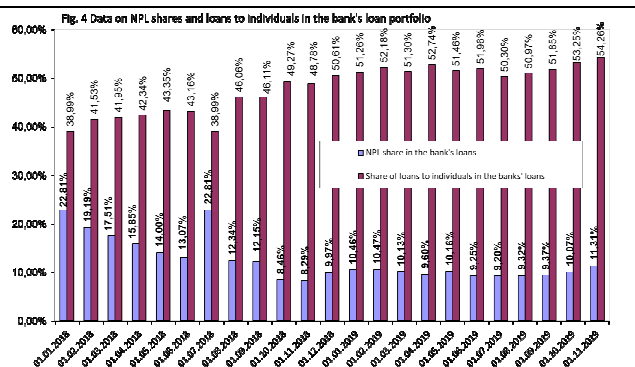
Asset structure and quality

As of 01.10.2019 assets of JSC "CB "GLOBUS" have amounted to UAH 3,053 bn., and customer credits and debt have amounted to UAH 1,698 bn. For the period from 01.01.2019 to 01.10.2019 the proportion of the loan portfolio in the Bank's assets has decreased by 3,30 p.p.: from 58,92% down to 55,62%. The proportion of currency loans in the loan portfolio of JSC "CB "GLOBUS" for the last 8 quarters has decreased by 3,44 p.p. (from 3,78% down to 0,34%), that has sustainably decreased the level of the currency risk.

JSC "CB "GLOBUS" actively develops the segment of retail business and increases volumes of lending the individuals that has positively affected the dynamics of its

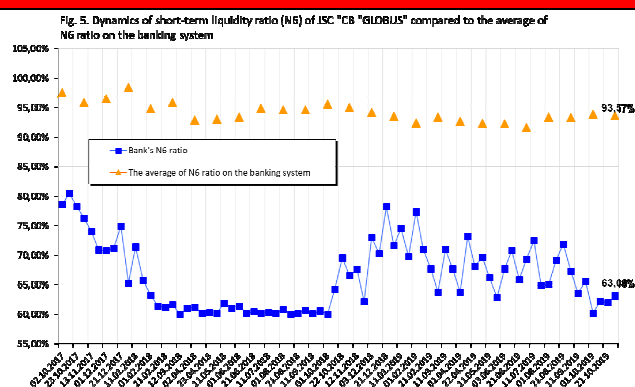


revenues and profit. For the period from 01.01.2018 to 01.11.2019 the proportion of loans to individuals in the Bank's loans has grown by 15,27 p.p.: from 38,99% up to 54,26%. Throughout the given period the proportion of non-performing loans (NPL) in the loan portfolio of JSC "CB "GLOBUS", which is 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 ranges from 8,29% up to 22,81%. As of 01.11.2019 the NPL share in the Bank's loans has amounted to 11,31%, while the average of the NPL share on the Ukrainian banking system as of 01.10.2019 has been at the level 50,79%. Therefore, the Bank's NPL share has been in several times lower than the average market value that indicates a good quality of the loan portfolio of JSC "CB "GLOBUS".

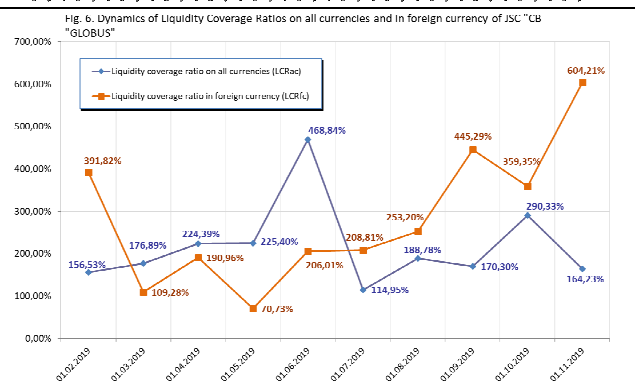


Liquidity

Short-term liquidity ratio of JSC "CB "GLOBUS" (N6) throughout the 2018 year and January-October, 2019 has fluctuated in the ranges from 60,02% to 78,21%. During the specified analysis period the Bank didn't violate the NBU requirements to the minimal level of N6 ratio, but its values have been lower than the averages on the banking system of Ukraine. As of 01.11.2019 the Bank's N6 ratio has amounted to 63,08% that by 3,08 p.p. exceeded the limit value, set by NBU, and has been by 30,49 p.p. less than the average-market indicator.



Liquidity coverage ratio on all currencies (LCRac) of JSC "CB "GLOBUS" in the period from 01.02.2019 to 01.11.2019 has fluctuated in the range 114,95-468,84%. Throughout the given period the Bank's LCRac has demonstrated multidirectional dynamics, but at the same time with a noticeable reserve has exceeded the limit values, set by NBU, which fluctuated from 80% (starting from 31.12.2018) up to 90% (starting from 01.06.2019). As of 01.11.2019 the Bank's LCRac has amounted to 164,23%, that is by 74,23 p.p. more than the normative value of 90%, set by the regulator.



Liquidity coverage ratio in foreign currency (LCRfc) of the Bank throughout the period from 01.02.2019 to 01.11.2019 has fluctuated in the range from 70,73% to 604,21%, and advantageously in times has exceeded the limit values, set by NBU for this ratio, which has varied from 50% (starting from 31.12.2018) up to 90% (starting from 01.06.2019). As of 01.11.2019 the Bank's LCRfc has amounted to 604,21%, that in 6,7 times has exceeded the normative value of 90%, set by NBU.

Therefore, as at the beginning of November, 2019 JSC "CB "GLOBUS" has been well provided with liquidity, as indicated by the values of respective norms: the Bank's N6 ratio and LCRac with a reserve have exceeded the limit values, set by NBU, and LCRfc has been in 6,7 times higher than the normative indicator.

Profitability of operations

According to the results of the 9 months of 2019 JSC “CB “GLOBUS” has received profit of UAH 53,251 mln., that by 11,15% has exceeded the Bank’s profit according to the results of the 9 months of 2018.

The Agency draws attention to a high growth dynamics of the Bank’s net interest income, which according to the results of the 9 months of 2019 compared to the same period of 2018 has grown by 51,85% up to UAH 105,056 mln. For the same period the Bank’s net commission income has increased by 4,43% up to UAH 134,989 mln.

The Agency reminds that JSC “CB “GLOBUS” returned to the profitable activity in the first quarter of current year and demonstrates a positive financial result for the third consecutive quarter that indicates the success of the Bank’s current business strategy. Thus, for the first quarter of 2019 the Bank’s profit has amounted to UAH 20,988 mln., for the second quarter – UAH 20,931 mln., and for the third one – UAH 11,331 mln. The Bank’s ability to generate and increase significant volumes of revenues and profit deserves a positive assessment.

Fig. 7. Net interest income, net commission income and profit of JSC “CB “GLOBUS”

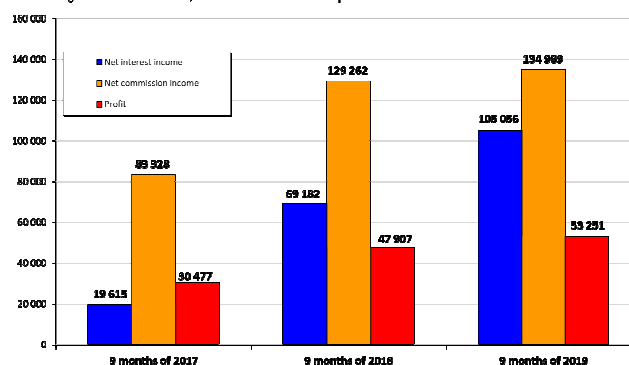
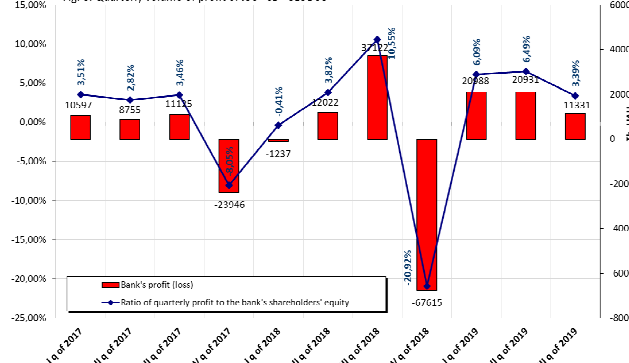


Fig. 8. Quarterly volume of profit of JSC “CB “GLOBUS”



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

Therefore, as at the beginning of November, 2019 the level of JSC “CB “GLOBUS” provision with regulatory capital was sufficient: the Bank’s equity ratios (N1 and N2) with a noticeable reserve exceeded the limit values, set by NBU. JSC “CB “GLOBUS” was well provided with liquidity, as indicated by the values of the Bank’s respective norms (N6, LCRac and LCRfc). The NPL share in the Bank’s loan portfolio was in several times lower than the average NPL level on the Ukrainian banking system. According to the results of the 9 months of 2019 compared to the same period of 2018 the Bank’s profit grew by 11,15% and amounted to UAH 53,251 mln., and net interest income increased by 51,85% up to UAH 105,056 mln. The Agency appreciates the Bank’s ability to generate and increase significant volumes of revenues and profit.

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