

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

May 5, 2022 the rating committee of RA "Expert-Rating" has decided to update the credit rating of JSC "CB "GLOBUS" (35591059) at the level **uaAAA** 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 **uaAAA** is characterized by the highest 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 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 the 2021 year and January-March, 2022.

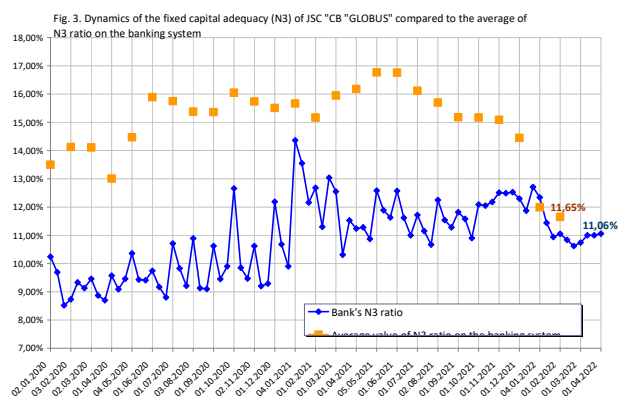
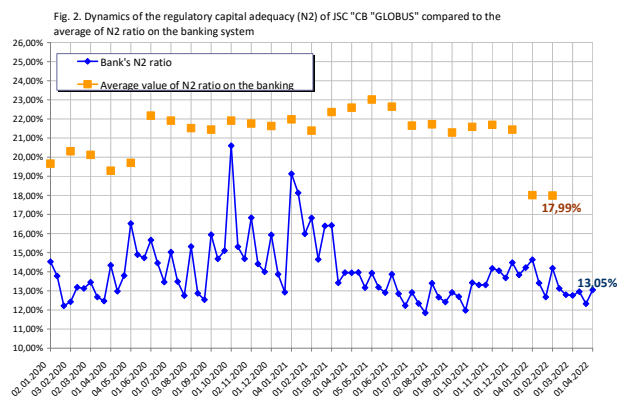
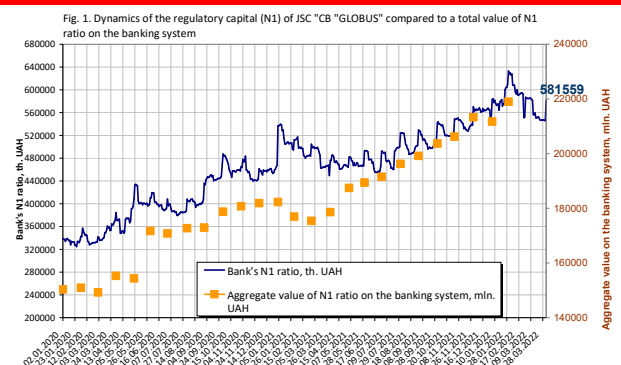
Equity and capital adequacy

Throughout the 2021 year and January-March, 2022 the regulatory capital of JSC "CB "GLOBUS" (N1) has fluctuated in the range from UAH 449,480 mln. to 633,061 mln. Since the beginning of 2022 year the Bank's regulatory capital (N1) has decreased by 0,30% and as of 01.04.2022 its volume has amounted to UAH 581,559 mln that in 2,91 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 04.01.2021 to 01.04.2022 has fluctuated in the ranges from 11,85% to 19,13%. Throughout the analyzed period the Bank's N2 ratio with a 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 01.04.2022 the Bank's N2 ratio has amounted to 13,05% that by 3,05 p.p. has exceeded the limit level of 10%, set by the regulator.

The fixed capital adequacy of JSC "CB "GLOBUS" (N3) during the 2021 year and January-March of 2022 has fluctuated in the ranges 10,31%-14,36% and advantageously with a noticeable reserve has exceeded the limit value, set by NBU. At the same time, the Bank's N3 ratio has been lower (except for 04.01.2022) than the averages of this normative on the Ukrainian banking system. As of 01.04.2022 the Bank's N3 ratio has amounted to 11,06% that by 4,06 p.p. has exceeded the limit value of 7%, set by the regulator.

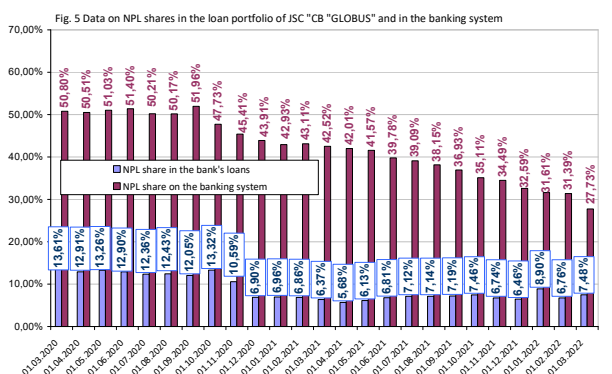
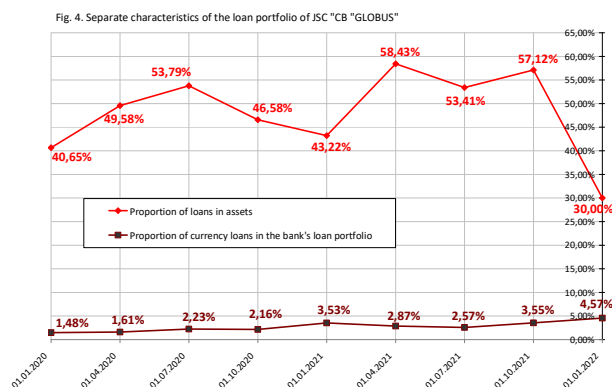
Therefore, as at the beginning of April, 2022 JSC "CB "GLOBUS" continued to maintain the regulatory and fixed capital adequacy ratios (N2 and N3) with a reserve with respect to the limit values, set by NBU.



Asset structure and quality

As of 01.01.2022 compared to 01.01.2021 the assets of JSC “CB “GLOBUS” have grown by 64,56% and have amounted to UAH 8,849 bn., customer credits and debt of the Bank have increased by 14,21% up to UAH 2,654 bn., while its proportion in assets of JSC “CB “GLOBUS” has decreased by 13,22 p.p. (from 43,22% down to 30,00%). At the same time, the proportion of currency loans in the Bank’s loan portfolio for the period from 01.01.2021 to 01.01.2022 has grown by 1,04 p.p. and has amounted to 4,57%, (that, as before, indicates a rather low level of direct impact of currency risk).

Throughout the period from 01.01.2021 to 01.03.2022 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 5,68% to 8,90%. As of 01.03.2022 the NPL share in loans of JSC “CB “GLOBUS” has amounted to 7,48%, and the average of the NPL share on the Ukrainian banking system has been at the level 27,73%. Thus, as at the beginning of March, 2022 year the Bank’s NPL indicator has been in 3,71 times lower than the average market value.



Liquidity

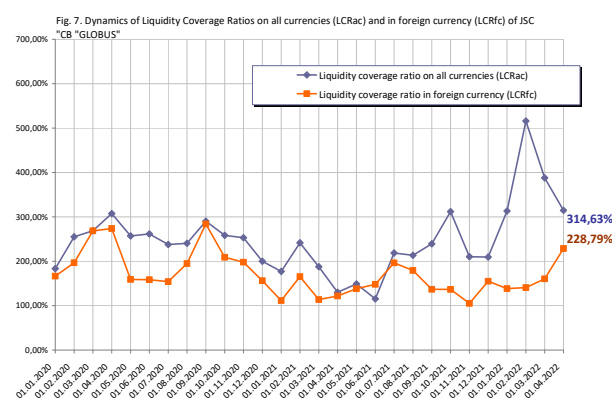
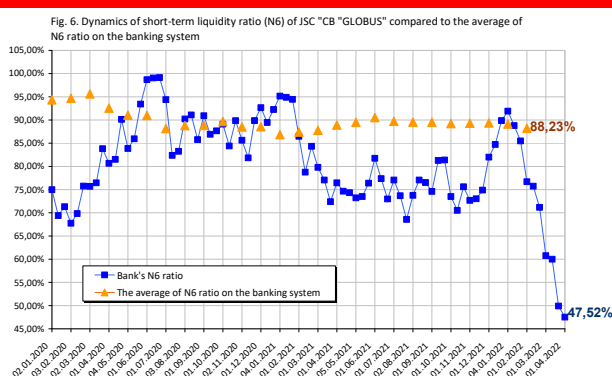
Short-term liquidity ratio of JSC “CB “GLOBUS” (N6) throughout the 2021 year and January-March, 2022 has fluctuated in the range 47,52%-95,14%. At the same time, the Bank’s N6 ratio almost on a constant basis, except for March of 2022, with a noticeable reserve has exceeded the limit value, set by NBU.

The Agency notes that the NBU canceled the short-term liquidity normative (N6) for banks in connection with the end of the transition period during which the Net Stable Funding Ratio or NSFR was implemented. This normative is based on European legislation and Basel recommendations and defines the minimum required level of bank liquidity for a one-year horizon. Since the introduced NSFR normative is a modern indicator of liquidity, the calculation of which is based not only on statistical data, but also on the real volumes of available and necessary stable financing, the National Bank does not see practical feasibility in further maintaining the N6 normative. The corresponding decision is approved by the resolution of the NBU Board dated March 23, 2022 № 59.

Net Stable Financing Ratio (NSFR) of JSC “CB “GLOBUS” as of 01.04.2022 has amounted to 90,16% that by 0,16 p.p. has exceeded the limit value, set by NBU, for this normative, but from October 1, 2021 it should amount to not less 90%.

Liquidity coverage ratio on all currencies (LCRac) of JSC “CB “GLOBUS” in the period from 01.01.2021 to 01.04.2022 has fluctuated in the ranges 115,28%-515,88% and advantageously more than in twice has exceeded the limit values, set by NBU. As of 01.04.2022 the Bank’s LCRac has amounted to 314,63%, that in 3,15 times has exceeded the normative value, set by the regulator.

Liquidity coverage ratio in foreign currency (LCRfc) of JSC “CB “GLOBUS” throughout the period from 01.01.2021 to 01.04.2022 has fluctuated in the ranges from 105,24% to 228,79%, advantageously with a significant reserve exceeding



the limit value, set by NBU. As of 01.04.2022 the Bank's LCR_{fc} has amounted to 228,79%, that in 2,29 times has exceeded the normative level, set by the regulator.

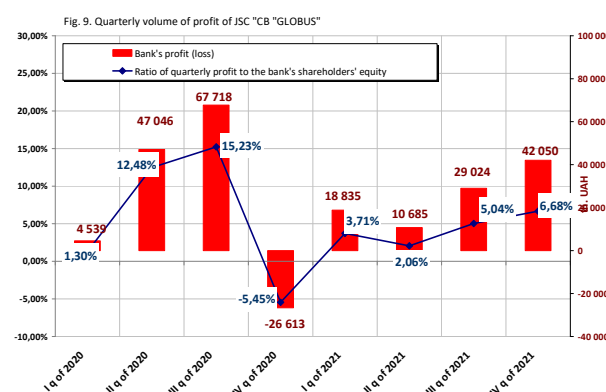
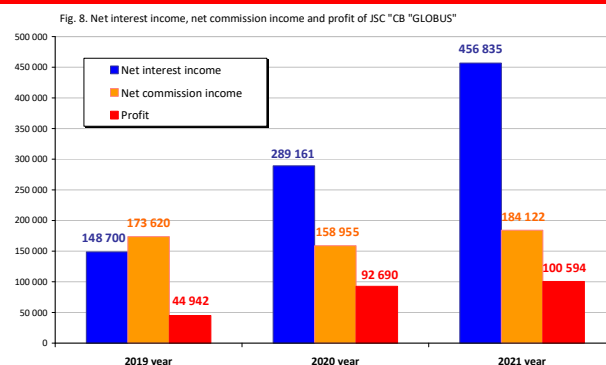
Therefore, as at the beginning of April, 2022 JSC "CB "GLOBUS" was well provided with liquidity, as indicated by the norms LCR_{rac} and LCR_{fc}, which in times have exceeded the limit values, set by the regulator.

Profitability of operations

According to the results of the 2021 year profit of JSC "CB "GLOBUS" has amounted to UAH 100,594 mln., that by 8,53% has exceeded profit received by the Bank according to the results of the 2020 year.

The key factor of the increase in the financial result of JSC "CB "GLOBUS" has become a positive dynamics of the Bank's key revenues. Thus, according to the results of 2021 year compared to the 2020 year the net interest income of JSC "CB "GLOBUS" has grown by 57,99% (or by UAH 167,674 mln) and has amounted to UAH 456,835 mln, and the Bank's net commission income has increased by 15,83% (or by UAH 25,167 mln) up to UAH 184,122 mln.

Therefore, according to the results of 2021 year JSC "CB "GLOBUS" has generated a significant financial result, having considerably increased its net interest income and having demonstrated a good growth rate of net commission income compared to the 2020 year that, under conditions of ongoing quarantine restrictions in 2021 year, is highly assessed by the Agency.



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 as of 03.05.2022 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 April, 2022 JSC "CB "GLOBUS" continued to maintain the regulatory and fixed capital adequacy ratios (N2 and N3) with a reserve with respect to the limit values, set by NBU. As of 01.04.2022 JSC "CB "GLOBUS" was well provided with liquidity, as indicated by the norms LCR_{rac} and LCR_{fc}, which in times have exceeded the limit values, set by the regulator. As of 01.03.2022 the NPL share in the loan portfolio of JSC "CB "GLOBUS" has been in 3,71 times lower than the average NPL indicator on the Ukrainian banking system. According to the results of the 2021 year JSC "CB "GLOBUS" has received profit of UAH 100,594 mln that by 8,53% has exceeded profit received by the Bank according to the results of the 2020 year. Therefore, JSC "CB "GLOBUS" has generated a significant financial result, having considerably increased its net interest income (+57,99%) and having demonstrated a good growth rate (+15,83%) of net commission income compared to the 2020 year that, under conditions of ongoing quarantine restrictions, deserves a high assessment.

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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