

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: <http://www.globusbank.com.ua>



www.expert-rating.com

Rating of PJSC "CB "GLOBUS" is updated

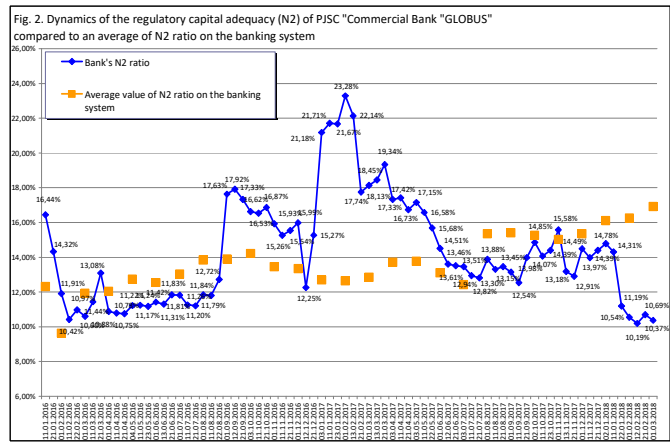
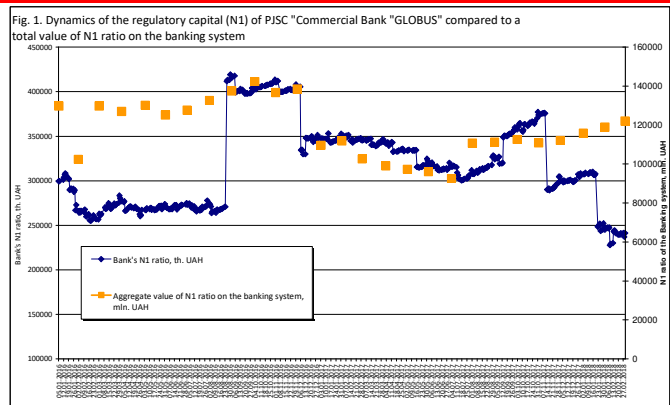
April 4, 2018 the rating committee of RA "Expert-Rating" has decided to update the credit rating of PJSC "CB "GLOBUS" (35591059) at the level uaAA- according to the national scale. As well, the deposit rating is updated at the level ua2+ according to the Agency's scale. The borrower with rating uaAA- 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 12 months 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 the 2017 year and January-February of 2018.

Equity and capital adequacy

As of 01.03.2018 the regulatory capital of PJSC "CB "GLOBUS" (N1) has amounted to UAH 241,216 mln that is by 30,57% lower than the indicator as of 03.01.2017 and exceeds the minimal value of N1 ratio, updated by NBU in July, 2017. As well, one should pay attention that on December 7, 2017 the Bank announced the increase of its authorized capital by UAH 60 mln.

The regulatory capital adequacy normative of PJSC "CB "GLOBUS" (N2) as of 01.03.2018 has amounted to 10,37% that is by 10,81 p.p. less than as of 03.01.2017 and by 0,37 p.p. more than the limit value of N2 ratio, set by NBU. As well, the Bank's N2 ratio during December of 2016 – July of 2017 has been constantly higher than the average of this normative on the banking system. In August-March, 2018 the Bank's N2 ratio has been maximally close to the average of N2 ratio 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, 2016. For the entire analysis period (from 03.01.2016 to 01.03.2018) the bank's N2 ratio didn't drop lower than the limit value set by NBU – 10%.

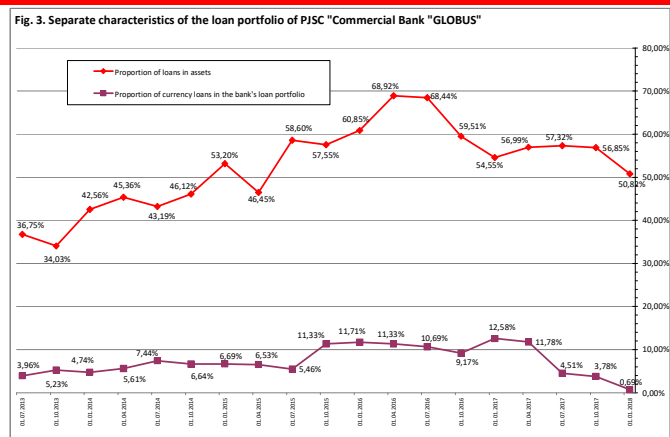


Asset structure and quality

For the last 19 quarters the proportion of loans in assets of PJSC "CB "GLOBUS" has grown from 36,75% up to 50,82%. According to the Agency, the growth of the proportion of loans in the Bank's assets deserves a positive assessment and will positively affect the Bank's revenues.

For the same period the proportion of currency loans in the Bank's portfolio has decreased from 3,96% down to 0,69% and still remains insignificant and that is why can't have a noticeable impact on the quality of the Bank's loan portfolio with condition of devaluation processes continuance.

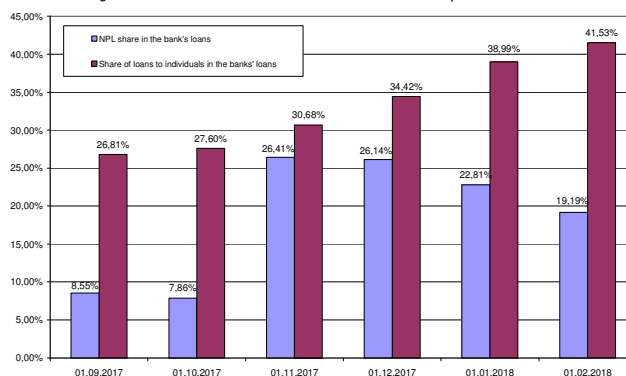
Additionally, one should note that in the period from 01.09.2017 to 01.02.2018 the



proportion of loans to individuals in the Bank's loans has fluctuated in the range 26,81%-41,53%. The growth of this indicator deserves a positive assessment, since it indicates the fact that PJSC "CB "GLOBUS" continues to improve the diversification of the loan portfolio by decreasing the concentration of loans to legal entities. In the same period the proportion of non-performing loans (NPL), 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 7,86%-26,41%.

As of 01.02.2018 the share of NPL in the Bank's loans has amounted to 19,19%. This indicator enables to make decision about a very good quality of the loan portfolio of PJSC "CB "GLOBUS". The average value on the banking system the share of NPL on 01.02.2018m according to NBU data, has amounted to 57,57%.

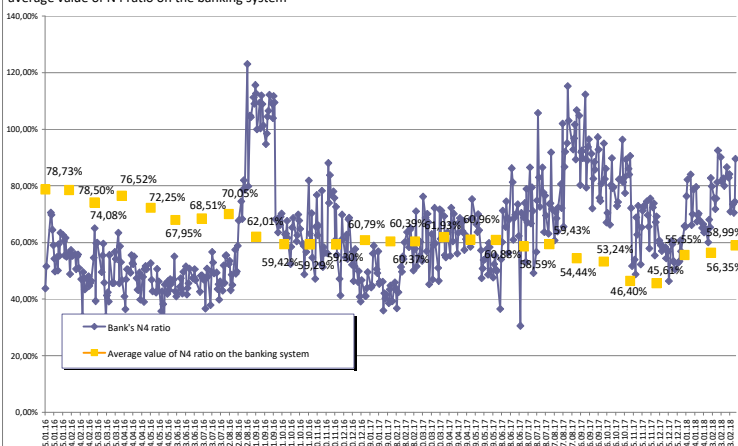
Fig. 4 Data on NPL shares and loans to individuals in the bank's loan portfolio



Liquidity

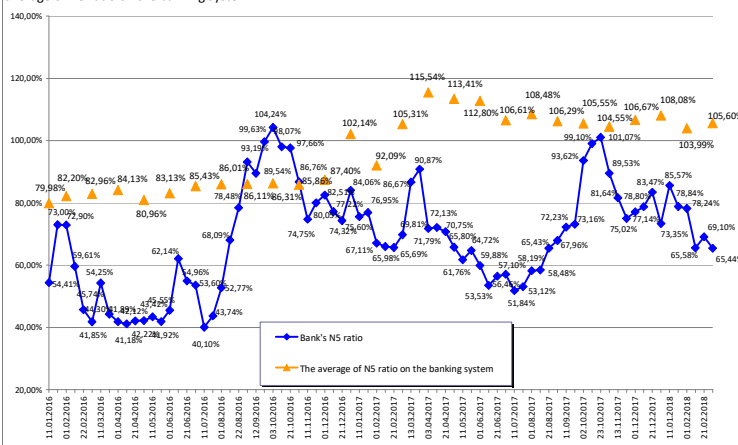
Instant liquidity ratio of PJSC "CB "GLOBUS" (N4) as of 01.03.2018 has amounted to 89,59% that is by 69,59 p.p. higher than the limit value set by NBU. It should be noted that during the 2017 year and January-February, 2018 the Bank's N4 ratio has been higher and lower than the average values of N4 ratio 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. Throughout the 2017 year and January-February, 2018 the Bank has formed a very great reserve of N4 ratio with respect to the limit value, set by NBU.

Fig. 5 Dynamics of instant liquidity ratio (N4) of PJSC "Commercial Bank "GLOBUS" compared to the average value of N4 ratio on the banking system



Current liquidity ratio of PJSC "CB "GLOBUS" (N5) during the 2017 year and January-February, 2018 has fluctuated in the range from 51,84% to 101,07%, but this ratio hasn't dropped lower the limit level 40%, set by the regulator, and on 01.03.2018 the N5 ratio has amounted to 65,44%.

Fig. 6 Dynamics of current liquidity ratio (N5) of PJSC "Commercial Bank "GLOBUS" compared to the average of N5 ratio on the banking system

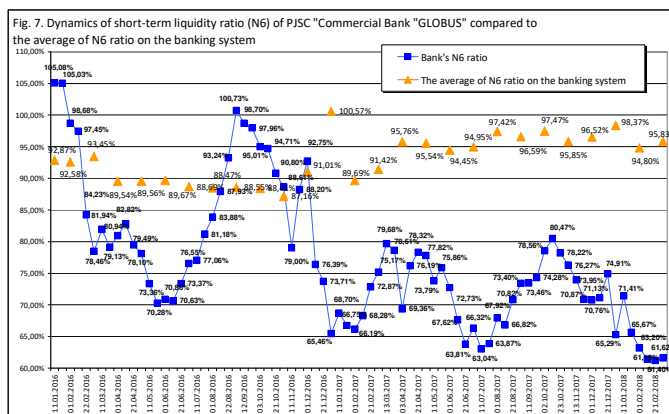


Short-term liquidity ratio of PJSC "CB "GLOBUS" (N6) during the 2017 year and January-February, 2018 has fluctuated in the range from 61,19% to 80,47%. The Bank's N6 ratio hasn't dropped lower than the limit level 60%, set by the regulator, and on 01.03.2018 has amounted to 61,62%.

The Agency draws attention that throughout

the 2017 year and the first two months of 2018 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 01.03.2018 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, throughout the 2017 year and January-February, 2018 PJSC "CB "GLOBUS" has been very well provided with liquidity.

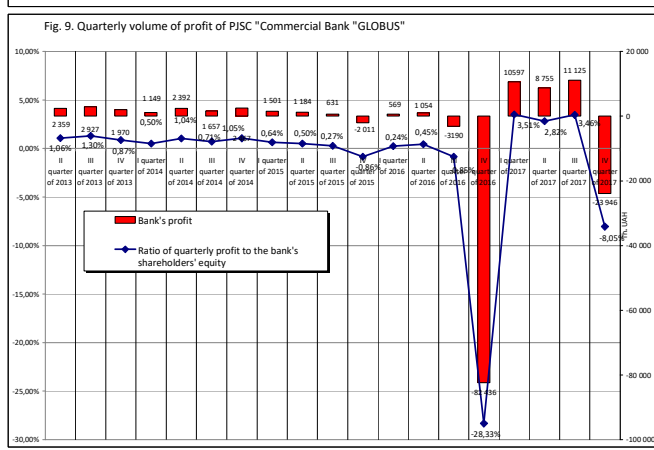
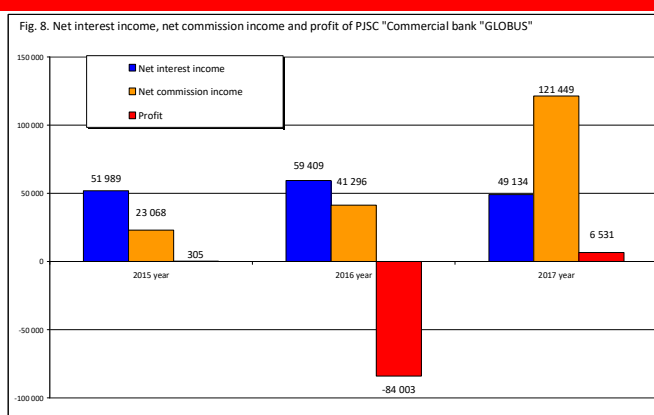


Profitability of operations

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, and the first half of 2017 – with profit of UAH 19,352 mln. For the 9 months of 2017 the Bank's profit has amounted to UAH 30,477 mln. According to the results of 2017 the Bank's profit has amounted to UAH 6,531 mln.

Perceiving the data of the Bank's revenues, it should be taken into consideration that during the last 19 quarters PJSC "CB "GLOBUS" has rarely allowed an unprofitable activity (except the IV quarter of 2015, the III-IV quarters of 2016 and the IV quarter of 2017).

The Agency also pays attention to the fact that for the 12 months of 2017 net interest income of the Bank has amounted to UAH 49,134 mln, and net commission income – UAH 121,449 mln that in 2,94 times exceeds the same indicator of 2016. The replacement of interest incomes with commission ones at PJSC CB GLOBUS deserves a positive assessment, since it decreases the dependence of the Bank's revenues on the dynamics of interest rates and increases the quality of revenues.



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 according to the results of 2017. The increase in the authorized capital, announced by the Bank in December of 2017, has positively affected its equity and liquidity ratios. The Agency updates the Bank’s rating, taking into consideration the trends revealed in the process of tendency analysis.

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