

21.11.2014

## Rating of Bank «Globus» is confirmed

**November 21, 2014** the rating committee of RA «Expert-Rating» has decided to confirm the credit rating of PJSC «CB «GLOBUS» (35591059) at the level **uaA+** according to the national scale. The borrower with rating uaA+ is characterized by a high solvency in comparison with other Ukrainian borrowers. Making decision about confirming the credit rating according to the national scale, the Agency was guided by the key results of the Bank's activity for the 9 months of 2014.

Table 1  
**Key balance sheet indicators of PJSC «CB «GLOBUS» according to the results of the 9 months of 2014**

th. UAH, %, p.p.

Indicators	01.10.2014	01.01.2014	Change	Growth rate, %
<b>Shareholders' equity</b>	<b>232 122</b>	<b>226 923</b>	<b>5 199</b>	<b>2,29%</b>
Authorized capital	160 000	160 000	-	-
Shareholders' equity/Assets ratio, %	15,98%	16,51%	-0,53 p.p.	-
<b>Total liabilities</b>	<b>1 220 537</b>	<b>1 147 162</b>	<b>73 375</b>	<b>6,40%</b>
<i>Including liabilities in foreign currency</i>	<i>591 680</i>	<i>581 410</i>	<i>10 270</i>	<i>1,77%</i>
Funds of banks	243 438	262 494	-19 056	-7,26%
Funds of individuals	550 523	595 608	-45 085	-7,57%
Funds of legal entities	153 658	131 505	22 153	16,85%
<b>Total assets</b>	<b>1 452 659</b>	<b>1 374 085</b>	<b>78 574</b>	<b>5,72%</b>
Liquid assets (Cash and cash equivalents + Funds of mandatory reserves in NBU + Trading securities + Funds in other banks)	605 650	568 672	36 978	6,50%
<b>Customer credits and debt, including reserves</b>	<b>829 760</b>	<b>698 710</b>	<b>131 050</b>	<b>18,76%</b>
<i>Loan provisions</i>	<i>159 737</i>	<i>113 741</i>	<i>45 996</i>	<i>40,44%</i>
<i>Loan provisions/ customer credits and debt ratio, %</i>	<i>19,25%</i>	<i>16,28%</i>	<i>2,97 p.p.</i>	<i>-</i>
<b>Liquid assets/Liabilities ratio, %</b>	<b>49,62%</b>	<b>49,57%</b>	<b>0,05 p.p.</b>	<b>-</b>

Source: data of PJSC «CB «GLOBUS», calculations by RA «Expert-Rating»

1. Dynamics of key balance sheet indicators of PJSC «CB «GLOBUS» according to the results of the 9 months of 2014 has looked as follows:

- Shareholders' equity has increased by 2,29% or by UAH 5,2 mln and has amounted to UAH 232,12 mln (according to the results of the first half of current year shareholders' equity of the Bank has grown by 1,56% or by UAH 3,54 mln);
- Liabilities have grown by 6,40% – up to UAH 1,22 bn (according to the results of the first half the increase in liabilities has amounted to 11,73%);
- Assets have grown by 5,72% and have amounted to UAH 1,45 bn (according to the results of the first half the increase in assets has been at the level 10,05%);
- Customer credits and debt of the Bank including reserves have increased by 18,76% - up to UAH 829,76 mln (according to the results of the first half the increase of this indicator has amounted to 15,22%);
- Liquid assets have grown by 6,5% and has amounted to UAH 605,65 mln (according to the first half of 2014 liquid assets of the Bank have increased by 23,05%).

For the period from 01.01.2014 to 01.10.2014 key components of the resource base of PJSC «CB «GLOBUS» have demonstrated the multidirectional dynamics (in hryvnia equivalent), namely:

- Funds of legal entities have increased by 16,85% or by UAH 22,15 mln – up to UAH 153,66 mln (while for the period from 01.01.2014 to 01.07.2014 funds of legal entities have grown by 15,8%);
- Funds of individuals have reduced by 7,57% or by UAH 45,09 mln and have amounted to UAH 550,52 mln (while according to the results of the first half of current year funds of individuals have shown the increase of 1,88% or UAH 11,22 mln);

- Funds of banks have decreased by 7,26% or by UAH 19,06 mln – down to UAH 243,44 mln (while according to the results of the first half of current year funds of banks have shown the increase of 28,39% or UAH 74,54 mln).

2. Equity norms of PJSC «CB «GLOBUS» according to the results of the 9 months of 2014 have demonstrated the following changes:

- Regulatory capital (N1) has increased by UAH 9,17 mln or by 3,24% and has amounted to UAH 292,27 mln (the Agency reminds that according to the results of the first half of 2014 the regulatory capital has shown the decrease at the level UAH 0,74 mln or 0,26%, i.e. in the third quarter of current year the Bank has managed to restore a positive dynamics of N1);
- Norm of the regulatory capital adequacy (N2) has grown by 3,47 p.p. – up to 16,6% (according to the results of the first half the increase in N2 has amounted to 0,44 p.p.);
- Norm of the ratio of regulatory capital to total assets (N3) has decreased by 1,19 p.p. – down to 17,81% (for the period from 01.01.2014 to 01.07.2014 this norm has reduced by 2,27 p.p. – down to 16,73%, i.e. in the third quarter N3 started its direction towards the growth that, in its turn, declined the level of its decrease according to the results of the 9 months of 2014).

Therefore, dynamics of the Bank's equity norms (N1, N2 and N3) has been multidirectional (two of three norms have shown the increase in values), while the average indicators of the market have demonstrated a synchronous decrease. PJSC «CB «GLOBUS» has entered the fourth quarter of 2014 with a good reserve of equity. As of 01.10.2014 the norms of the regulatory capital adequacy (N2) and the ratio of regulatory capital to total assets (N3) have noticeably exceeded not only the limits set by NBU, but also have been higher than the averages of these norms on the banking system of Ukraine (N2 has exceeded the indicator on the Ukrainian banks system by 0,64 p.p., and N3 – by 5,51 p.p.).

Table 2

**Key norms of PJSC «CB «GLOBUS» according to the results of the 9 months of 2014**

Norms	The norm set by NBU	01.10.2014		01.01.2014		Change, th. UAH, %, p.p.
		The Bank's value	The average of the system	The Bank's value	The average of the system	
Regulatory capital (N1), th. UAH	Not less than UAH 120 000 th.	292 266	-	283 098	-	9 168
Regulatory capital adequacy (N2), %	Not less 10%	16,60%	15,96%	13,13%	18,26%	3,47 p.p.
Regulatory capital/Total assets ratio (N3), %	Not less 9%	17,81%	12,30%	19,00%	13,98%	-1,19 p.p.
Instant liquidity (N4), %	Not less 20%	69,86%	43,94%	78,16%	56,99%	-8,30 p.p.
Current liquidity (N5), %	Not less 40%	72,90%	79,53%	79,56%	80,86%	-6,66 p.p.
Short-term liquidity (N6), %	Not less 60%	75,31%	86,75%	83,56%	89,11%	-8,25 p.p.
Norm of large loan risks (N8), %	Not more 800%	259,78%	246,46%	198,77%	172,05%	61,01 p.p.
Norm of the maximum amount of loans, guarantees and sureties, issued to the insiders (N10), %	Not more 30%	0,30%	1,45%	0,52%	1,63%	-0,22 p.p.

Source: data of PJSC «CB «GLOBUS», NBU, calculations by RA «Expert-Rating»

Liquidity norms of PJSC «CB «GLOBUS» for the period from 01.01.2014 to 01.10.2014 have shown the following dynamics:

- Norm of instant liquidity (N4) has decreased by 8,3 p.p. and has amounted to 69,86% (with the value required by NBU “not less 20%” and the average of N4 on the banking system of Ukraine at the level 43,94%);
- Norm of current liquidity (N5) has decreased by 6,66 p.p. – down to 72,9% (with the normative indicator “not less 40%” and the average of N5 on the system of Ukrainian banks – 79,53%);
- Norm of short-term liquidity (N6) has reduced by 8,25 p.p. amounting to 75,31% (with the limit indicator “not less 60%” and the average of the market 86,75%).

Therefore, the liquidity norms of the Bank according to the results of the 9 months of 2014 have demonstrated the decrease in values that has corresponded to the trends of the banking system of Ukraine. At the same time, despite the decrease, the liquidity norms of PJSC «CB «GLOBUS» have continued to exceed the limits, set by the regulator, with a noticeable reserve. Thus, as of 01.10.2014 the norm of instant liquidity of the Bank (N4) has exceeded the normative indicator of NBU by 49,86 p.p., the norm of current liquidity (N5) has higher than the limit value by 32,9 p.p., and the norm of short-term liquidity (N6) has exceeded the minimal level, set by the regulator, by 15,31 p.p. Besides, as at the beginning of the fourth quarter of 2014 the norm of instant liquidity of PJSC «CB «GLOBUS» (N4) has been by 25,92 p.p. higher than the average of this normative on the system of Ukrainian banks.

Table 3

**Separate indicators of income and expenses of PJSC «CB «GLOBUS» for the 9 months of 2013–2014**

th. UAH, %, p.p.

Indicators	9 months of 2014	9 months of 2013	Change	Growth rate, %
Net interest income	64 883	54 631	10 252	18,77%
Net commission income	8 129	4 135	3 994	96,59%
Net commission income/ Net interest income ratio	12,53%	7,57%	4,96 p.p.	-
Result from operations with securities in the trading portfolio of the bank	882	4 468	-3 586	-80,26%
Result from operations with foreign currency	(1 839)	(3 621)	-	-
Administrative and other operating expenses	56 298	57 623	-1 325	-2,30%
<b>Net profit</b>	<b>5 198</b>	<b>7 239</b>	<b>-2 041</b>	<b>-28,19%</b>
ROE, %	2,24%	3,19%	-0,95 p.p.	-

Source: data of PJSC «CB «GLOBUS», calculations by RA «Expert-Rating»

3. For the 9 months of 2014 compared to the same period of 2013 the key items of income of PJSC «CB «GLOBUS» have demonstrated a good dynamics of growth. Thus, net interest income of the Bank has increased by 18,77%, having reached the volume of UAH 64,88 mln, and net commission income has grown almost in twice (by 96,59%): from UAH 4,14 mln up to UAH 8,13 mln. According to the results of the 9 months of 2014 PJSC «CB «GLOBUS» has received a profit of UAH 5,2 mln that is by 28,19% less than according to the results of the 9 months of 2013. Among the factors of decrease in profit, as well as the pressure on the Bank's financial result, it should be noted the decrease in the result from operations with securities in the trading portfolio of the Bank by 80,26%, the increase in deductions to loan provisions and funds in other banks in 6,4 times (by 544,33%). At the same time, the Bank's results on the decrease in the level of administrative and other operating costs deserve a positive assessment, on the one hand, and the very fact of maintaining profitable activity by the Bank in difficult economic conditions of activity, – on the other hand.

Therefore, according to the results of the 9 months of 2014 key balance sheet indicators of PJSC «CB «GLOBUS» have demonstrated multidirectional dynamics. Assets and liabilities of the Bank have shown positive trends (at the same time, dynamics of the first half was characterized by a more significant level of increase). In the third quarter of current year PJSC «CB «GLOBUS», like a lot of other Ukrainian banks, has faced the outflow of funds of individuals, which has been partially replenished due to the inflow of legal entities. The Bank has increased the volumes of shareholders' equity and regulatory capital that has provided a good reserve of solvency. As at the beginning of the fourth quarter of 2014 the norms of the regulatory capital adequacy (N2) and the ratio of regulatory capital to total assets of the Bank (N3) have noticeably exceeded not only the limits, set by NBU, but also have been higher than the averages of these norms on the banking system of Ukraine. Liquidity norms of the Bank according to the results of the 9 months of 2014 have demonstrated the decrease in values that has corresponded to the market trends. At the same time, despite a decrease, the liquidity norms of PJSC «CB «GLOBUS» have continued to exceed the limit levels, set by the regulator, with a noticeable reserve. Besides, the fact of maintaining profitable activity by the Bank in difficult economic conditions deserves a positive assessment.

*Analytical service of RA «Expert-Rating»*