

Press release

RA 'Expert-rating' raised the credit rating of the Bank 'GLOBUS' to uaBBB following the year 2010

On February, 21st, 2011 the RA 'Expert-rating' raised the credit rating of JSC 'Commercial bank Globus' on the national scale to the level **uaBBB**. When raising the credit rating, the Agency was guided by the data on results of Bank operation for the year 2010 (see the table).

Table
Key performance indicators of JSC 'Commercial bank Globus' in 2009–2010 (th. UAH.,%)

Indicator	2010 (01.10.2010)	2009 (01.10.2009)	Difference, th. UAH, p.p.	Growth rate%
Total assets	1 113 409	597 583	515 826	86,32
Cash and cash equivalents	290 020	86 666	203 354	234,64
Loans and debts of customers	345 714	412 091	(66 377)	(16,11)
Loans impairment reserves	(62 809)	(37 752)	25 057	66,37
Total liabilities	928 763	420 410	508 353	120,92
Due to other banks	649 395	117 878	531 517	450,90
Funds of legal persons	52 825	135 925	(83 100)	(61,14)
Funds of physical persons	188 112	146 806	41 306	28,14
Shareholders equity	184 646	177 173	7 473	4,22
Net interest	38 734	43 363	(4 629)	(10,68)
Net income	8 236	11 220	(2 984)	(26,60)
Loans impairment reserves/ loan portfolio	18%	9%	9 п.п.	-
Equity/Assets	16,58%	29,65%	-13,07 п.п.	-
ROE	4,46%	6,33%	-1,87 п.п.	-

Source: NBU data, RA Expert Rating calculations.

When raising the rating, the Agency was guided by the following conclusions:

1. In 2010 bank assets grew by 86 % and as of 1/1/2011 have made 1,113 b UAH, having thus exceeded 1 b threshold. The increase in reserves continued: as of 1/1/2011 the bank loan impairment reserves have made 62,8 m UAH, that is, 18 % of loan portfolio. The given indicator fully reflects the trend which has developed for today in bank sector of Ukraine and corresponds to an average system index. Thus the Agency draws attention to that growth of reserves has not put the bank into losses: the bank generated sufficient income to cover all necessary expenses, including the provisioning.

2. In spite of the fact that equity/assets ratio decreased by 13,07 percentage points and as of 1/1/2011 has made 16,58 %, this indicator nevertheless exceeds the average system value and proves to that the bank is well capitalized.

3. As positive should be regarded the fact that bank "Globus" is able to generate profit in adverse economic conditions and thus it has good liquidity level. The Bank finished the year 2010 with 8,2 m UAH of net profit, that, for objective reasons is less on 27 % than in the same period of last year. As a whole, bank profitability level decrease has been influenced by such factors as fall of market rates, reduction of bank loan portfolio, growth of loan provisioning, and also increase of highly liquid assets volume and share in the overall assets of the Bank.

4. Dynamics of bank resource base in 2010 is assessed as positive by the Agency. So, as of 1/1/2011 the total amount of bank 'Globus' liabilities grew more than in 2 times and has made

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928,8 m UAH. Changes of bank's resource base structure, according to the Agency, is caused by changes of monetary market conditions.

5. When other banks continued to cut down their presence in the regions of Ukraine, the bank 'Globus' was successfully implementing growth strategy by expansion of branch network in the country in the year 2010. So, as of the beginning of 2011 the branch network of the JSC Commercial bank 'Globus' already included 7 branches in Kiev, Zaporozhye, Uzhgorod, Dnepropetrovsk, Kamenets-Podolsk and Odessa. Thus it should be considered that the bank has started its activities in the beginning of 2008, on the very threshold of the crisis. The steady recovery of the economics of Ukraine proves to that the bank chose correct accents and is ready to future competition growth in the market.

As a whole the Agency estimates as positive the current status of the bank 'Globus', considering that the bank rather successfully counter stands the crisis phenomena which affected the small banks in the years 2009-2010. Sufficient level of capitalization and liquidity allow the bank 'Globus' to maintain an adequate solvency level and to meet obligations to investors and other creditors.

Analytical service of the Rating Agency Expert Rating