

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>



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Ratings of JSC "CB "GLOBUS" are updated

May 24, 2024 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 first quarter of 2024 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 2023 year and January-April, 2024.

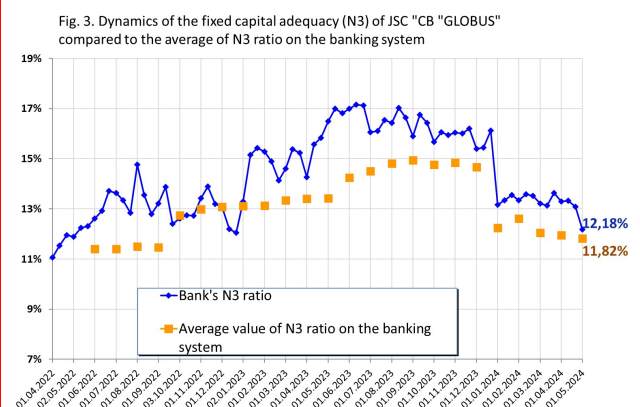
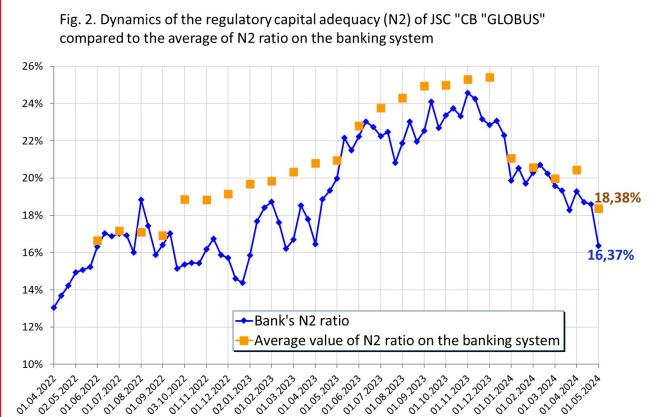
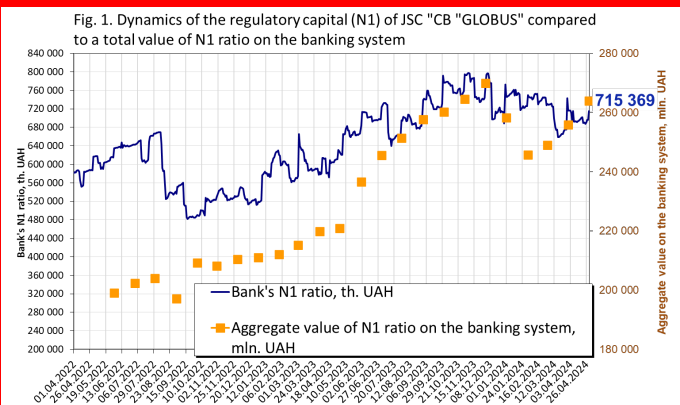
Equity and capital adequacy

Throughout the 2023 year and January-April, 2024 the regulatory capital of JSC "CB "GLOBUS" (N1) has fluctuated in the range from UAH 518,421 mln. to 797,263 mln. Since the beginning of 2024 year the Bank's regulatory capital (N1) has decreased by 4,07% and as of 01.05.2024 has amounted to UAH 715,369 mln that in 3,58 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 02.01.2023 to 01.05.2024 has fluctuated in the range from 15,84% to 24,57%. Throughout the analyzed period the Bank's N2 ratio with a significant reserve has exceeded the limit value, set by NBU. As of 01.05.2024 the Bank's N2 ratio has amounted to 16,37% that by 6,37 p.p. has exceeded the limit level, set by the regulator, but has been by 2,01 p.p. less than the N2 average level on the Ukrainian banking system.

The fixed capital adequacy of JSC "CB "GLOBUS" (N3) during the 2023 year and January-April of 2024 has fluctuated in the ranges 12,18%-17,16% and advantageously has significantly exceeded the limit value, set by NBU. As well, throughout the analysis period the N3 ratio of JSC "CB "GLOBUS" has been advantageously higher than the average market indicator. As of 01.05.2024 the Bank's N3 ratio has amounted to 12,18% that by 5,18 p.p. has exceeded the limit value of 7%, set by NBU, and also has been by 0,36 p.p. higher than the average market level of N3 ratio.

Therefore, as at the beginning of May, 2024 JSC "CB "GLOBUS" was well provided with the regulatory and fixed capital. The Bank's regulatory and fixed capital adequacy ratios (N2 and N3) with a significant reserve have exceeded the limit values, set by NBU, and the Bank's N3 ratio has been higher than the N3 average level on the banking system.



Asset structure and quality

For the first quarter of 2024 the assets of JSC “CB “GLOBUS” have decreased by 20,49% and have amounted to UAH 10,569 bn., the Bank’s loan portfolio has grown by 7,76% up to UAH 1,667 bn, while its share in assets of JSC “CB “GLOBUS” has increased by 4,14 p.p. up to 15,77%. Cash and cash equivalents for the first quarter of 2024 year have grown by 25,60% up to UAH 1,232 bn, and its proportion in assets of JSC “CB “GLOBUS” has increased by 4,28 p.p. up to 11,65%.

For the period from 01.01.2024 to 01.04.2024 the Bank’s portfolio of investments into securities has decreased by 33,40% down to UAH 6,891 bln that has amounted to 65,19% of the Bank’s assets. At the same time, the securities portfolio of JSC “CB “GLOBUS” fully consisted of ISLBs, NBU deposit certificates and US Treasury debt securities, i.e. instruments with a low credit risk. Therefore, as at the beginning of the second quarter of 2024 year the 76,84% of the Bank’s assets were presented by liquidity instruments with a low credit risk, namely: cash and cash equivalents, NBU deposit certificates and government securities.

For the first quarter of 2024 year 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 decreased by 1,92 p.p. down to 31,61%. At the same time, as of 01.04.2024 the Bank’s NPL share has been by 4,46 p.p. lower than the average of the NPL share on the Ukrainian banking system.

Fig. 4. Key asset categories of JSC “CB “GLOBUS”, th UAH

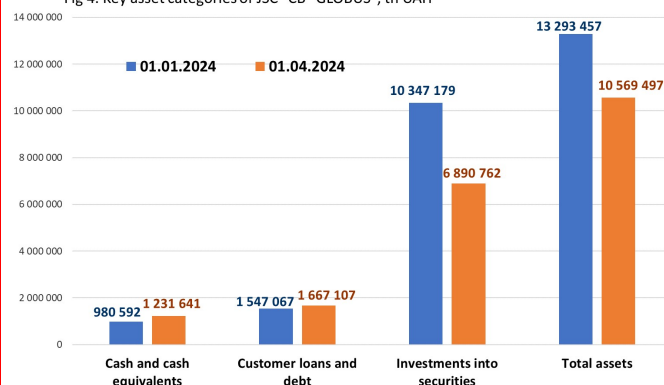
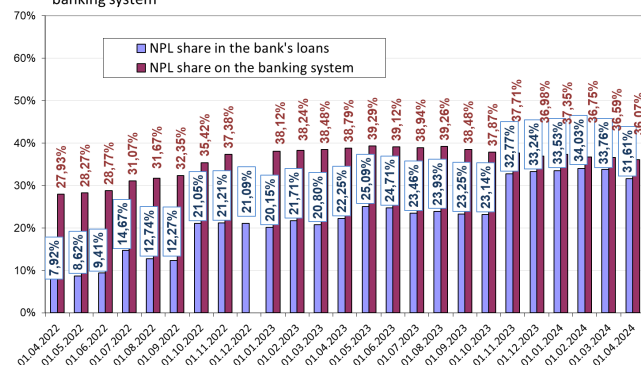


Fig. 5 Data on NPL shares in the loan portfolio of JSC “CB “GLOBUS” and in the banking system



Liquidity

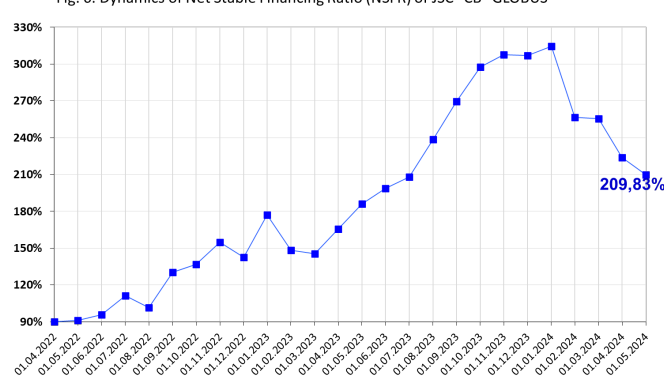
Net Stable Financing Ratio (NSFR) of JSC “CB “GLOBUS” throughout the period from 01.01.2023 to 01.05.2024 has fluctuated in the range from 145,40% to 314,46%, having significantly exceeded the normative indicator. As of 01.05.2024 the Bank’s NSFR has amounted to 209,83% that in 2,1 times has exceeded the limit value, set by NBU.

Liquidity coverage ratio on all currencies (LCRac) of JSC “CB “GLOBUS” in the period from 01.01.2023 to 01.05.2024 has fluctuated in the ranges 296,34%-684,69% in times exceeding the limit value, set by NBU. As of 01.05.2024 the Bank’s LCRac has amounted to 368,96%, that has been in 3,69 times higher than the normative value, set by the regulator.

Liquidity coverage ratio in foreign currency (LCRfc) of JSC “CB “GLOBUS” throughout the period from 01.01.2023 to 01.05.2024 has fluctuated in the range from 159,96% to 413,37%, with a noticeable reserve exceeding the limit value, set by NBU. As of 01.05.2024 the Bank’s LCRfc has amounted to 181,51%, that in 1,82 times has exceeded the normative level, set by the regulator.

Therefore, as at the beginning of May, 2024 and throughout the analysis period JSC “CB “GLOBUS” was very well provided with liquidity: the Bank’s norms NSFR, LCRac and LCRfc significantly have exceeded the limit values, set by the regulator.

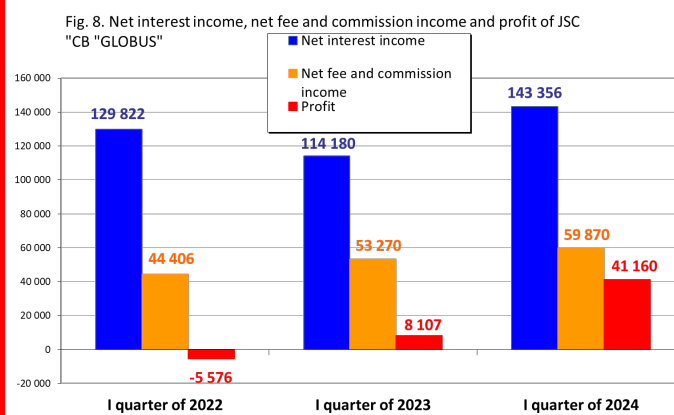
Fig. 6. Dynamics of Net Stable Financing Ratio (NSFR) of JSC “CB “GLOBUS”



Profitability of operations

In the analyzed period the key items of revenues and profit of JSC “CB “GLOBUS” have shown a significant increase. In particular, the Bank’s net interest income for the first quarter of 2024 compared to the first quarter of 2023 has grown by 25,55% up to UAH 143,356 mln, net fee and commission income has increased by 12,39% up to UAH 59,870 mln, and profit has grown by UAH 33,053 mln (or in 5,08 times) and has amounted to UAH 41,160 mln. The growth of profit of JSC “CB “GLOBUS”, except a considerable increase of the key items of revenues, was facilitated by the absence of losses from the impairment of loans in the first quarter of 2024, while according to the results of the first quarter of 2023 its volume amounted to UAH 58,549 mln.

The Agency positively assesses a considerable increase of profit, net interest and fee and commission income of JSC “CB “GLOBUS” in the analyzed period.



Other factors

JSC “CB “GLOBUS” wasn’t referred by NBU to the category of problem banks, complied with key ratios, set by NBU, and performed commitments to lenders and depositors within the current legislation, rules and procedures of the Bank.

Summary

Therefore, as at the beginning of May, 2024 JSC “CB “GLOBUS” was well provided with the regulatory and fixed capital. The Bank’s N2 and N3 ratios have noticeably exceeded the limit values, set by NBU, and the Bank’s N3 ratio has been also higher than the average level of this normative on the banking system of Ukraine. As well, as of 01.05.2024 JSC “CB “GLOBUS” was very well provided with liquidity: the Bank’s norms NSFR, LCRac and LCRfc, in times have exceeded the limit values, set by the regulator. As of 01.04.2024 the assets of JSC “CB “GLOBUS” were characterized by a good quality: the proportion of liquidity instruments with a low credit risk in the Bank’s assets amounted to 76,84%, and the NPL share in the loan portfolio of JSC “CB “GLOBUS” was by 4,46 p.p. lower than the average market level.

According to the results of the first quarter of 2024 the activity of JSC “CB “GLOBUS” has been profitable, and the key items of its revenues and profit have demonstrated a considerable increase compared to the first quarter of 2023 year. In particular, the Bank’s net interest income has grown by 25,55% up to UAH 143,356 mln, the net fee and commission income has increased by 12,39% up to UAH 59,870 mln, and the profit of JSC “CB “GLOBUS” has grown more than in 5 times up to UAH 41,160 mln.

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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