

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

September 21, 2020 the rating committee of RA "Expert-Rating" has decided to update the credit rating of JSC "CB "GLOBUS" (35591059) at the level **uaAA** 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 **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 first half of 2020 year, particular and regular information of the Bank as an issuer of securities, and by specific forms of the Bank's statistic statements for January-July, 2020.

Equity and capital adequacy

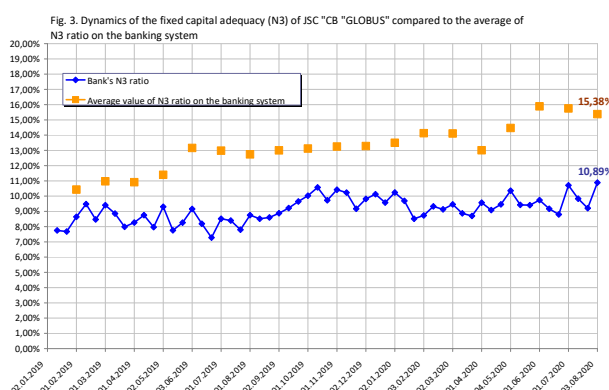
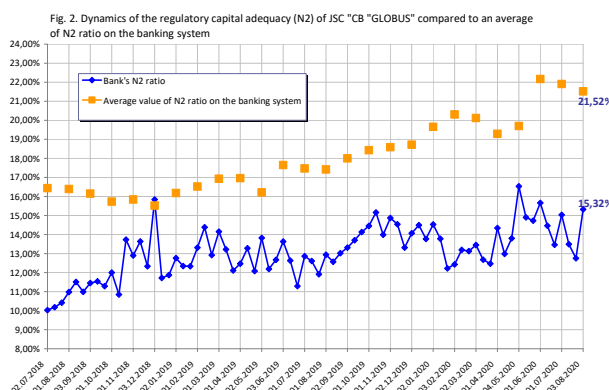
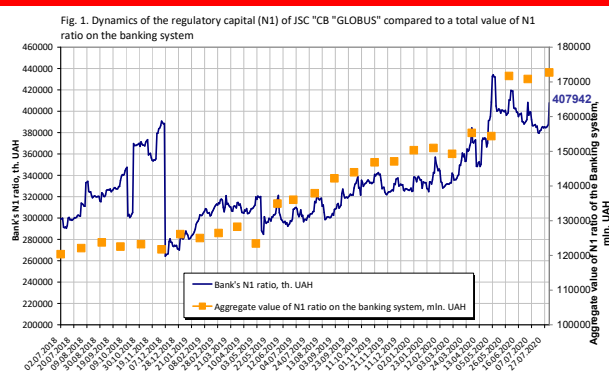
Throughout the 2019 year and January-July, 2020 the regulatory capital of JSC "CB "GLOBUS" (N1) has fluctuated in the ranges from UAH 280,372 mln. to 434,106 mln. Despite a multidirectional dynamics, since the beginning of 2020 year the Bank's regulatory capital (N1) has grown by 20,57% and as of 03.08.2020 has amounted to UAH 407,942 mln that by UAH 207,942 mln. exceeded the limit value, set by NBU, for this normative.

The regulatory capital adequacy normative of JSC "CB "GLOBUS" (N2) during the period from 02.01.2019 to 03.08.2020 has fluctuated in the range 11,29-16,53% and has demonstrated an uneven dynamics. At the same time, the Bank's N2 ratio advantageously with a noticeable reserve has exceeded the limit value, set by the regulator, but has been lower than the averages of this normative on the Ukrainian banking system. As of 03.08.2020 the Bank's N2 ratio has amounted to 15,32% that by 5,32 p.p. has exceeded the limit value, set by NBU, but has been by 6,20 p.p. less than the average-market indicator.

The fixed capital adequacy of JSC "CB "GLOBUS" (N3) during the 2019 and January-July of 2020 has fluctuated in the ranges from 7,28% to 10,89%. Throughout the given period the Bank's N3 ratio with a reserve has exceeded the limit value, set by NBU, but has been lower than the average-market indicators of this normative. As of 03.08.2020 the Bank's N3 ratio has amounted to 10,89% that by 3,89 p.p. has exceeded the limit value, set by NBU, but has been by 4,49 p.p. lower than the average of this normative on the Ukrainian banking system.

At the same time, the Agency reminds about the results of stress-testing of the largest Ukrainian banks, conducted by the Ukrainian National Bank in 2019, during which the required (target) level of capital adequacy of financial institutions was determined. According to the data of stress-test, the required level of N2 and N3 ratios of JSC "CB "GLOBUS" (taking into account the measures taken by the Bank) amounts to 16,90%. To fully meet the requirements according to the results of the stress-test, NBU provided banks with time until October, 2020.

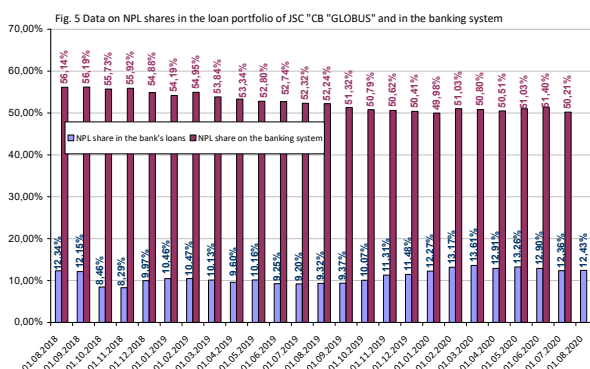
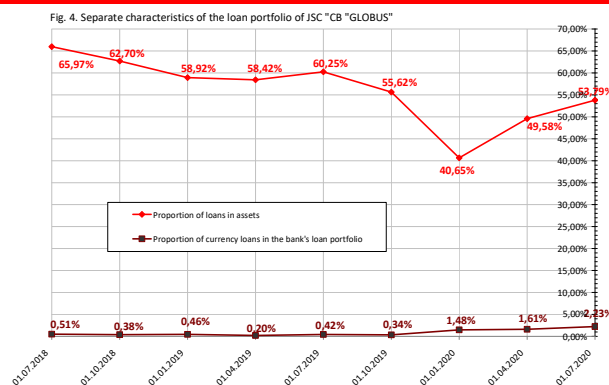
Therefore, as at the beginning of August, 2020 the regulatory and fixed capital adequacy ratios of JSC "CB "GLOBUS" (N2 and N3) with a noticeable reserve have exceeded the limit values, set by NBU, but have been lower than the target indicator, defined by the regulator, in the process of carrying out the Bank's stress-testing.



Asset structure and quality

As of 01.07.2020 compared to 01.01.2020 assets of JSC "CB "GLOBUS" have decreased by 5,88% and have amounted to UAH 3,696 bn., customer credits and debt of the Bank have increased by 24,54% up to UAH 1,988 bn., and its proportion in the Bank's assets has grown by 13,14 p.p. and has amounted to 53,79%. The proportion of currency loans in the Bank's loan portfolio as of 01.07.2020 has amounted to only 2,23% that indicates a low level of the direct impact of currency risk on the loan portfolio of JSC "CB "GLOBUS". At the same time, in the Bank's loan portfolio the loans to individuals occupied a considerable share: as of 01.07.its volume amounted to 47,69%.

Throughout the period from 01.01.2019 to 01.08.2020 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 9,20% up to 13,61%. At the same time, the Agency draws attention that as of 01.07.2020 the average of the NPL share on the Ukrainian banking system has amounted to 50,21%, and the NPL share in loans of JSC "CB "GLOBUS" has amounted to 12,36%. Therefore, as at the beginning of July of current year the Bank's NPL indicator has been in 4,06 times lower than the average market value.



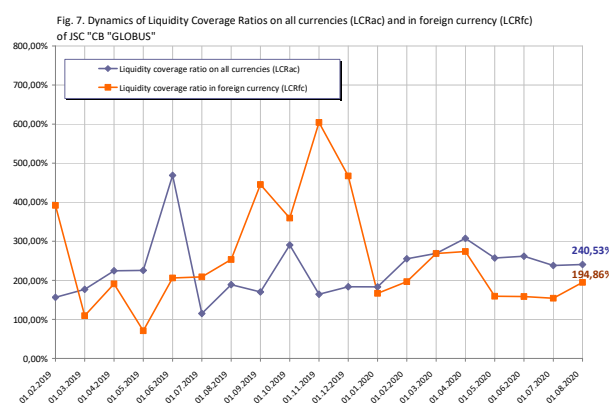
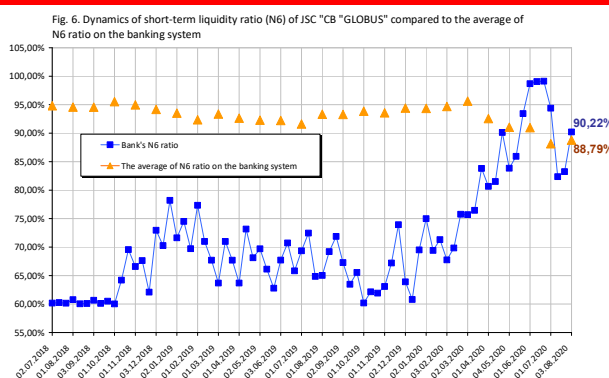
Liquidity

Short-term liquidity ratio of JSC "CB "GLOBUS" (N6) throughout the 2019 year and January-July, 2020 has fluctuated in the range 60,18-99,13% and has demonstrated a multidirectional dynamics. At the same time, the Bank's N6 ratio almost on a constant basis with a noticeable reserve has exceeded the limit value, set by NBU, but advantageously has been lower than the averages of this normative on the Ukrainian banking system. As of 03.08.2020 the Bank's N6 ratio has amounted to 90,22% that by 30,22 p.p. exceeded the limit value, set by NBU, and also has been by 1,43 p.p. higher than the average market indicator of this normative.

Liquidity coverage ratio on all currencies (LCRac) of JSC "CB "GLOBUS" in the period from 01.02.2019 to 01.08.2020 has fluctuated in the ranges from 114,95% to 468,84%. Throughout the given period the Bank's LCRac dynamics has been uneven, but at the same time advantageously with a noticeable reserve has exceeded the limit values, set by NBU. As of 01.08.2020 the Bank's LCRac has amounted to 240,53%, that in 2,41 times has exceeded the normative value, set by NBU, at the level 100%.

Liquidity coverage ratio in foreign currency (LCRfc) of JSC "CB "GLOBUS" throughout the period from 01.02.2019 to 01.08.2020 has fluctuated in the ranges from 70,73% to 604,21%, with a significant reserve exceeding the limit values, set by NBU. As of 01.08.2020 the Bank's LCRfc has amounted to 194,86%, that in 1,95 times has exceeded the normative value, set by the regulator, at the level 100%.

Therefore, as at the beginning of August, 2020 JSC "CB "GLOBUS" has been well provided with liquidity, as indicated by the indicators of the Bank's respective norms (N6, LCRac and LCRfc), which with a significant reserve have exceeded the limit values, set by NBU.



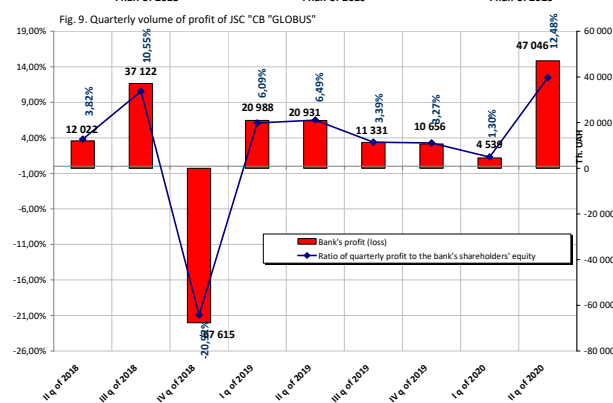
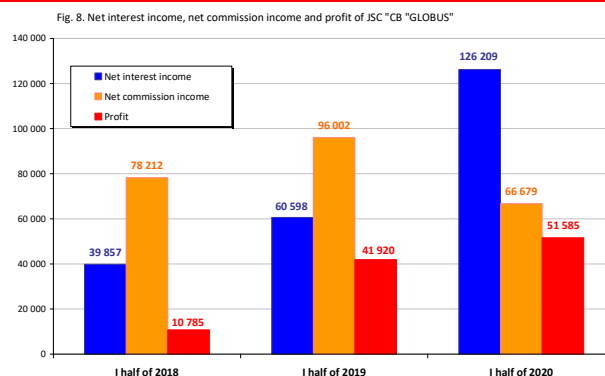
Profitability of operations

According to the results of the first half of 2020 year JSC “CB “GLOBUS” has received profit of UAH 51,585 mln., that by 23,06% has exceeded the Bank’s profit for the first half of 2019 year.

At the same time, for the given analysis period key items of revenues of the Bank have demonstrated a multidirectional dynamics. Thus, according to the first half of 2020 compared to the first half of 2019 net interest income of JSC “CB “GLOBUS” has grown more than in twice or by 108,27% and has amounted to UAH 126,209 mln., and the Bank’s net commission income has decreased by 30,54% down to UAH 66,679 mln.

The Agency also reminds that JSC “CB “GLOBUS” returned to the profitable activity in the first quarter of 2019 year and demonstrates positive financial results throughout the last six consecutive quarters. Besides, for the second quarter of 2020 the Bank’s profit has reached UAH 47,046 mln., and for the first quarter its volume has amounted to UAH 4,539 mln.

Therefore, despite the quarantine, according to the results of the first half of 2020 JSC “CB “GLOBUS” more than in twice increased net interest income and generated a significant profit, having demonstrated its good growth rate compared to the same period of last year. The Bank’s ability to increase revenues and profit under difficult macroeconomic conditions 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 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 August, 2020 the regulatory and fixed capital adequacy ratios of JSC “CB “GLOBUS” (N2 and N3) with a noticeable reserve have exceeded the limit values, set by NBU, but have been lower than the target indicator, defined by the regulator in the process of carrying out the Bank’s stress-testing (To fully meet the requirements according to the results of the stress-test, NBU provided banks with time until October, 2020). At the same time, JSC “CB “GLOBUS” has been well provided with liquidity: the Bank’s respective norms (N6, LCRac and LCRfc) with a noticeable reserve have exceeded the limit values, set by NBU. As of 01.07.2020 the NPL indicator in the loan portfolio of JSC “CB “GLOBUS” has been in 4,06 times lower than the average NPL indicator on the Ukrainian banking system. Despite the quarantine, according to the results of the first half of 2020 JSC “CB “GLOBUS” more than in twice increased net interest income and generated a significant profit (UAH 51,585 mln), having demonstrated its good growth rate (+23,06%) compared to the same period of 2019 year. The Bank’s ability to increase revenues and profit under difficult macroeconomic conditions is highly assessed by the Agency.

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