

**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

**August 29, 2022** 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 half of 2022 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 2021 year and January-July, 2022.

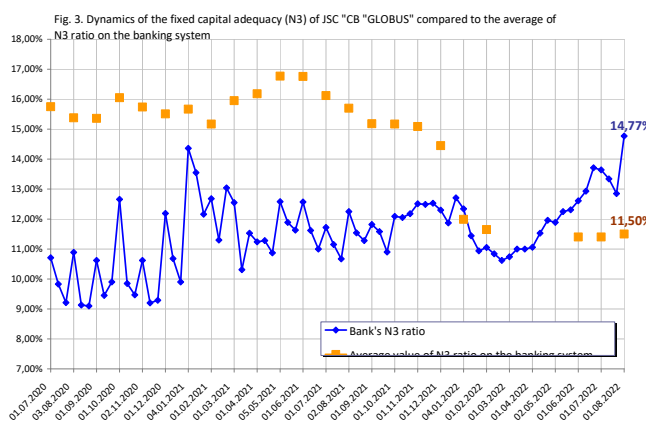
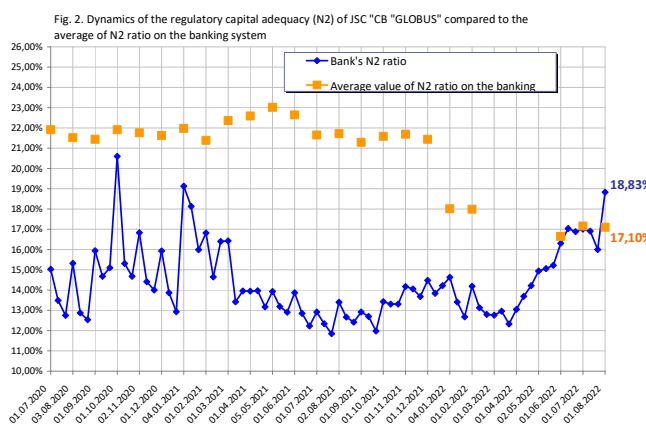
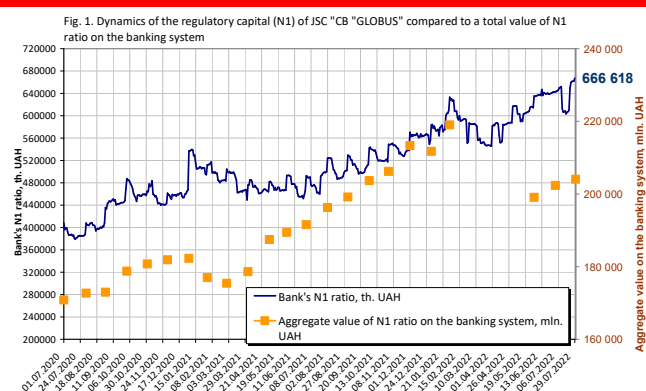
### Equity and capital adequacy

Throughout the 2021 year and January-July, 2022 the regulatory capital of JSC "CB "GLOBUS" (N1) has fluctuated in the range from UAH 449,480 mln. to 666,889 mln. Since the beginning of 2022 year the Bank's regulatory capital (N1) has grown by 14,28% and as of 01.08.2022 its volume has amounted to UAH 666,618 mln that in 3,3 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 04.01.2021 to 01.08.2022 has fluctuated in the ranges from 11,85% to 19,13%. Throughout the analyzed period the Bank's N2 ratio with a reserve has exceeded the limit value, set by NBU. As of 01.08.2022 the Bank's N2 ratio has amounted to 18,83% that by 8,83 p.p. has exceeded the limit level, set by the regulator, and has been by 1,73 p.p. higher than the average N2 ratio on the banking system of Ukraine.

The fixed capital adequacy of JSC "CB "GLOBUS" (N3) during the 2021 year and January-July of 2022 has fluctuated in the ranges 10,31%-14,77% and with a noticeable reserve has exceeded the limit value, set by NBU. As of 01.08.2022 the Bank's N3 ratio has amounted to 14,77% that by 7,77 p.p. has exceeded the limit value of 7%, set by the regulator, and has been by 3,27 p.p. higher than the average market indicator.

Therefore, as at the beginning of August, 2022 JSC "CB "GLOBUS" was well provided with the regulatory and fixed capital. The regulatory and fixed capital adequacy ratios (N2 and N3) have noticeably exceeded the limit values, set by NBU, and have been higher than the averages of these norms on the Ukrainian banking system.



## Asset structure and quality

As of 01.07.2022 compared to 01.01.2022 the assets of JSC “CB “GLOBUS” have decreased by 27,92% and have amounted to UAH 6,379 bn., customer credits and debt of the Bank have reduced by 8,05% down to UAH 2,441 bn., while its proportion in assets of JSC “CB “GLOBUS” has grown by 8,26 p.p. (from 30,00% up to 38,26%). At the same time, the proportion of currency loans in the Bank’s loan portfolio for the period from 01.01.2022 to 01.07.2022 has decreased by 2,07 p.p. and has amounted to 2,50%, (that, as before, indicates a rather low level of direct impact of currency risk).

Throughout the period from 01.01.2021 to 01.07.2022 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 5,68% to 14,67%. As of 01.07.2022 the NPL share in loans of JSC “CB “GLOBUS” has amounted to 14,67%, while the average of the NPL share on the Ukrainian banking system has amounted to 31,07%. Thus, as at the beginning of August, 2022 year the Bank’s NPL indicator has been in 2,12 times lower than the average market value.

Fig. 4. Separate characteristics of the loan portfolio of JSC “CB “GLOBUS”

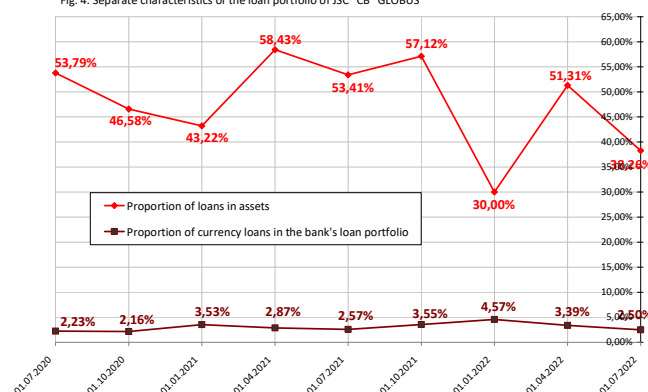
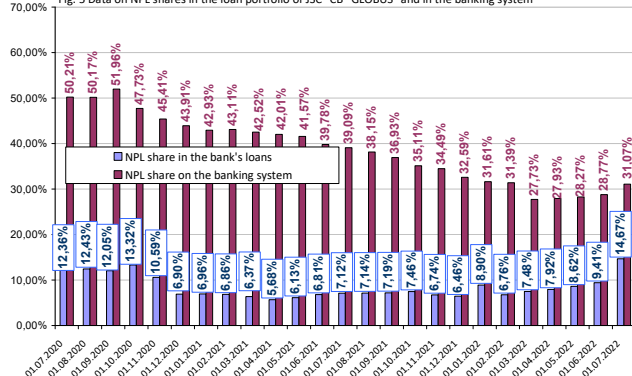


Fig. 5 Data on NPL shares in the loan portfolio of JSC “CB “GLOBUS” and in the banking system



## Liquidity

Net Stable Financing Ratio (NSFR) of JSC “CB “GLOBUS” throughout the period from 01.04.2021 to 01.08.2022 has fluctuated in the range from 90,16% to 170,16%. As of 01.08.2022 the Bank’s NSFR has amounted to 101,46% that by 11,46 p.p. has exceeded the limit value, set by NBU, for this normative, which should amount to not less 90%.

Liquidity coverage ratio on all currencies (LCRac) of JSC “CB “GLOBUS” in the period from 01.01.2021 to 01.08.2022 has fluctuated in the ranges 108,06%-515,88% and advantageously has significantly exceeded the limit value, set by NBU. As of 01.08.2022 the Bank’s LCRac has amounted to 313,99%, that in 3,14 times has exceeded the normative value, set by the regulator.

Liquidity coverage ratio in foreign currency (LCRfc) of JSC “CB “GLOBUS” throughout the period from 01.01.2021 to 01.08.2022 has fluctuated in the range from 105,24% to 228,79%, advantageously with a noticeable reserve exceeding the limit value, set by NBU. As of 01.08.2022 the Bank’s LCRfc has amounted to 163,73%, that in 63,73 p.p. has exceeded the normative level, set by the regulator.

Therefore, as at the beginning of August, 2022 JSC “CB “GLOBUS” was well provided with liquidity, as indicated, in particular, by the norms NSFR, LCRac and LCRfc, which with a reserve have exceeded the limit values, set by the regulator.

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

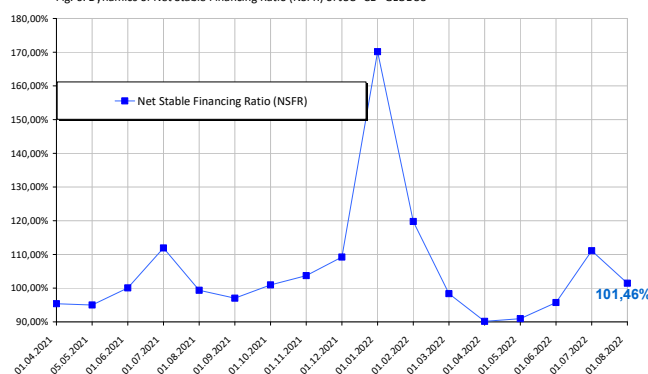
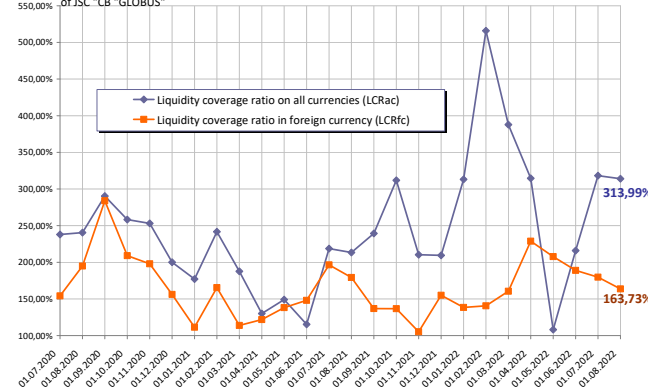


Fig. 7. Dynamics of Liquidity Coverage Ratios on all currencies (LCRac) and in foreign currency (LCRfc) of JSC “CB “GLOBUS”



## Profitability of operations

For the first half of 2022 year the profit of JSC “CB “GLOBUS” has amounted to UAH 1,049 mln that is by 96,45% less than profit for the first half of 2021 year. At the same time, while JSC “CB “GLOBUS” has received loss of UAH 5,576 mln for the first quarter of 2022, the Bank has again returned to the profitable activity in the second quarter: its profit for the second quarter of 2022 year has amounted to UAH 6,625 mln. The Agency notes that the decrease in financial results of JSC “CB “GLOBUS” in the analyzed period is related to the increase of the Bank’s loss from the impairment of customer loans and debt and funds in other banks in the first half of 2022 year compared to the first half of 2021 year: in 1,9 times up to UAH 92,242 mln.

According to the results of the first half of 2022 year compared to the same period of 2021 year net interest income of JSC “CB “GLOBUS” has grown by 3,82% (by UAH 8,119 mln) and has amounted to UAH 220,745 mln, and the Bank’s net commission income has decreased by 7,60% down to UAH 71,870 mln.

Therefore, according to the results of the first half of 2022 year compared to the same period of 2021 year JSC “CB “GLOBUS” has increased its net interest income and has managed to return to the profitable activity. These facts are appreciated by the Agency under conditions of the decrease of business activity in the country caused by the Russia’s military aggression and the introduction of martial law in Ukraine.

Fig. 8. Net interest income, net commission income and profit of JSC “CB “GLOBUS”

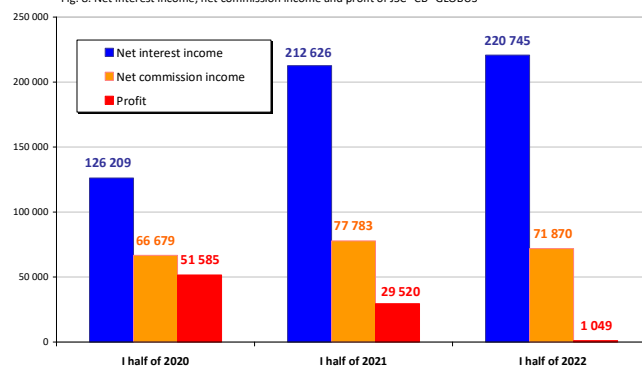
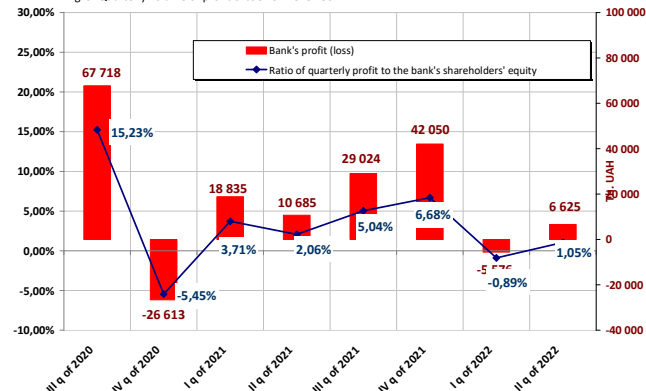


Fig. 9. Quarterly volume of profit of JSC “CB “GLOBUS”



## 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.

The agency notes that in August, 2022 JSC “CB “GLOBUS” fully repaid all the refinancing loans it took from the National Bank of Ukraine. The Bank made the decision to pay off NBU loan funds, taking into account the high liquidity provision and the improvement of all key performance indicators. The total amount of repaid refinancing loans amounted to UAH 1,56 billion. At the same time, the Bank continues to increase its highly liquid assets, which as of 11.08.2022, amounted to UAH 2,9 billion (53% of all Bank assets).

## Generalization

Therefore, as at the beginning of August, 2022 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 have been higher than the averages of these norms on the Ukrainian banking system. As of 01.08.2022 JSC “CB “GLOBUS” was well provided with liquidity, as indicated, in particular, by the norms NSFR, LCRac and LCRfc, which considerably have exceeded the limit values, set by the regulator. As of 01.07.2022 the NPL share in the loan portfolio of JSC “CB “GLOBUS” has been in 2,12 times lower than the average NPL indicator on the Ukrainian banking system. According to the results of the first half of 2022 year JSC “CB “GLOBUS” has increased its net interest income by 3,82% (up to UAH 220,745 mln) and has returned to the profitable activity: the Bank’s profit has amounted to UAH 1,049 mln that is by 96,45% less than for the first half of 2021 year. The Agency notes that the impact on the Bank’s profit was caused by a significant increase (in 1,9 times) of loss from the impairment of financial assets in the analyzed period.

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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