

18.02.2015

## Rating of Bank «Globus» is confirmed

**February 18, 2015** 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 2014.

Table 1

### Key balance sheet indicators of PJSC «CB «GLOBUS» according to the results of the 2014

th. UAH, %, p.p.

| Indicators   | 01.01.2015       | 01.01.2014       | Change             | Growth rate, % |
|--|------------------|------------------|--------------------|----------------|
| <b>Shareholders' equity</b>  | <b>234 589</b>   | <b>226 923</b>   | <b>7 666</b>       | <b>3,38%</b>   |
| Authorized capital   | 160 000          | 160 000          | -                  | -              |
| Shareholders' equity/Assets ratio, %   | 17,32%           | 16,51%           | 0,81 p.p.          | -              |
| <b>Total liabilities</b>   | <b>1 119 529</b> | <b>1 147 162</b> | <b>-27 633</b>     | <b>-2,41%</b>  |
| <i>Including liabilities in foreign currency</i>   | 609 897          | 581 410          | 28 487             | 4,90%          |
| Funds of banks   | 157 692          | 262 494          | -104 802           | -39,93%        |
| Funds of individuals   | 563 040          | 595 608          | -32 568            | -5,47%         |
| Funds of legal entities  | 152 868          | 131 505          | 21 363             | 16,25%         |
| <b>Total assets</b>  | <b>1 354 118</b> | <b>1 374 085</b> | <b>-19 967</b>     | <b>-1,45%</b>  |
| Liquid assets (Cash and cash equivalents + Funds of mandatory reserves in NBU + Trading securities + Funds in other banks) | 440 580          | 568 672          | -128 092           | -22,52%        |
| <b>Customer credits and debt, including reserves</b>   | <b>895 550</b>   | <b>698 710</b>   | <b>196 840</b>     | <b>28,17%</b>  |
| <i>Loan provisions</i>   | 175 139          | 113 741          | 61 398             | 53,98%         |
| <i>Loan provisions/ customer credits and debt ratio, %</i>   | 19,56%           | 16,28%           | 3,28 p.p.          | -              |
| <b>Liquid assets/Liabilities ratio, %</b>  | <b>39,35%</b>    | <b>49,57%</b>    | <b>-10,22 p.p.</b> | <b>-</b>       |

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

1. Key balance sheet indicators of PJSC «CB «GLOBUS» according to the results of 2014 have demonstrated the following dynamics:

- Shareholders' equity has increased by 3,38% and as at the beginning of 2015 has amounted to UAH 234,589 mln (the key source of increasing the shareholders' equity has been reserve and other funds of the Bank);
- Liabilities have reduced by 2,41% - down to UAH 1,12 bn, while key components of the resource base of the Bank have shown multidirectional changes, namely: funds of banks and individuals have decreased by 39,93% and 5,47%, respectively, while funds of legal entities have increased by 16,25%;
- Assets have decreased by 1,45% - down to UAH 1,35 bn, at the same time it should be noted that, despite difficult macroeconomic conditions of activity, PJSC «CB «GLOBUS» has continued to maintain lending activity as indicated by the increase in customer credits and debt of the Bank including reserves (by UAH 196,84 mln or by 28,17%), at the same time the volume of liquid assets of the Bank has reduced by 22,52% - down to UAH 440,58 mln;

According to the data of financial statements of PJSC «CB «GLOBUS» for the fourth quarter of 2014, as of 01.01.2015 the 83,18% of credit operations of the Bank have been referred to the first (UAH 267,97 mln or 23,15%) and second (UAH 694,62 mln or 60,02%) categories of quality, i.e. have differed by minimal (the first category of quality) and moderate (the second category of quality) levels of risks. For the period from 01.01.2014 to 01.01.2015 the proportion of the negatively classified credits of the Bank (referred to the fourth and fifth categories of quality) has increased by only 0,21 p.p.: from 7,76% up to 7,97%.

2. Dynamics of key balance sheet indicators of PJSC «CB «GLOBUS» has reflected in the change of its norms. Thus, the increase in shareholders' equity has positively affected the dynamics of the Bank's regulatory capital (N1), whose volume as of 2014 has grown by UAH 8,35 mln or by 2,95% and has amounted to UAH 291,45 mln. In its turn, the increase in the regulatory capital against the background of the decrease in

assets has resulted in the increase of the norm of the regulatory capital adequacy of the Bank (N2) by 5,97 p.p.: from 13,13% as of 01.01.2014 up to 19,10% as of 01.01.2015. As a result, as at the beginning of 2015 N2 not only has exceeded almost in twice (namely by 9,10 p.p.) the limit set by NBU (not less 10%), but also has exceeded with a noticeable reserve the average of this normative on the banking system of Ukraine (which as of 01.01.2015 has amounted to 15,60%). Besides, it should be noted that dynamics of the norm of the regulatory capital adequacy of PJSC «CB «GLOBUS» (N2) as of 01.01.2015 compared to 01.01.2014 has shown an upward character, while the average indicator of the market N2 has demonstrated the decrease in the value (by 2,66 p.p.).

Table 2

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

th. UAH, %, p.p.

| Norms   | The norm set by NBU           | 01.01.2015       |                           | 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. | 291 445          | -                         | 283 098          | -                         | 8 347                 |
| Regulatory capital adequacy (N2), %   | Not less 10%                  | 19,10%           | 15,60%                    | 13,13%           | 18,26%                    | 5,97 p.p.             |
| Instant liquidity (N4), %   | Not less 9%                   | 55,14%           | 57,13%                    | 78,16%           | 56,99%                    | -23,02 p.p.           |
| Current liquidity (N5), %   | Not less 20%                  | 71,96%           | 79,91%                    | 79,56%           | 80,86%                    | -7,60 p.p.            |
| Short-term liquidity (N6), %  | Not less 40%                  | 81,04%           | 86,14%                    | 83,56%           | 89,11%                    | -2,52 p.p.            |
| Norm of large loan risks (N8), %  | Not less 60%                  | 248,51%          | 250,04%                   | 198,77%          | 172,05%                   | 49,74 p.p.            |
| Norm of the maximum amount of loans, guarantees and sureties, issued to the insiders (N10), % | Not more 800%                 | 0,08%            | 1,37%                     | 0,52%            | 1,63%                     | -0,44 p.p.            |

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

3. The values of the liquidity norms of PJSC «CB «GLOBUS» for the period from 01.01.2014 to 01.01.2015 have changed in the following way:

- Normative of instant liquidity (N4) has decreased by 23,02 p.p. and has amounted to 55,14%;
- Normative of current liquidity (N5) has decreased by 7,60 p.p. – down to 71,96%;
- Normative of short-term liquidity (N6) has reduced by 2,52 p.p. and has amounted to 81,04%.

Despite a decrease in values, the liquidity norms of PJSC «CB «GLOBUS» have been met with a noticeable reserve with respect to the limits, set by the regulator. Thus, as at the beginning of 2015 the normative of the Bank's instant liquidity (N4) has exceeded the normative indicator of NBU by 35,14 p.p., the normative of current liquidity (N5) has been higher than the limit by 31,96 p.p., and the norm of short-term liquidity (N6) has exceeded the minimum, set by the regulator, by 21,04 p.p. It also should be noted that dynamics of the liquidity norms of PJSC «CB «GLOBUS» has mainly corresponded to the trends of the averages of these norms on the banking system of Ukraine. As of 01.01.2015 the liquidity norms of PJSC «CB «GLOBUS» haven't exceeded the average indicators of the market, but at the same time its values have been rather close to them.

Table 3

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

th. UAH, %, p.p.

| Indicators  | 2014         | 2013         | Change            | Growth rate, % |
|---|--------------|--------------|-------------------|----------------|
| Net interest income   | 84 751       | 70 432       | 14 319            | 20,33%         |
| Net commission income   | 15 746       | 5 919        | 9 827             | 166,02%        |
| Net commission income/ Net interest income ratio                            | 18,58%       | 8,40%        | 10,18 p.p.        | -              |
| Result from operations with securities in the trading portfolio of the bank | (1 850)      | 2 310        | -                 | -              |
| Result from operations with foreign currency                                | 83 362       | (497)        | -                 | -              |
| Administrative and other operating expenses                                 | 69 038       | 69 223       | -185              | -0,27%         |
| <b>Net profit</b>   | <b>7 666</b> | <b>9 209</b> | <b>-1 543</b>     | <b>-16,76%</b> |
| <b>ROE, %</b>   | <b>3,27%</b> | <b>4,06%</b> | <b>-0,79 p.p.</b> | <b>-</b>       |

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

4. According to the results of 2014 PJSC «CB «GLOBUS» has received profit of UAH 7,67 mln that is by 16,76% less, than for 2013. The Agency appreciates the fact of profitable activity of the Bank in difficult economic conditions and with the unfavorable situation in the market of banking services, which, in its turn, has negatively reflected on the total financial result of the banking system of Ukraine. The Agency also focuses its attention on the indicators of the increase in key items of income of PJSC «CB «GLOBUS». Thus, according to the results of 2014 compared to 2013 net interest income of the Bank has increased by 20,33% or by UAH 14,32 mln, and net commission income has grown in 2,7 times or by UAH 9,83 mln.

5. Within the program a regular sequence control over the credit ratings of the Banks RA “Expert-Rating” has checked the information provided by PJSC “Commercial bank “Globus” as of 18.02.2015 and informs the following:

1. The Bank adheres to all the norms, set by the National Bank of Ukraine;
2. The Bank isn't classified by NBU to the category of problem banks and the NBU curator doesn't work in the Bank;
3. The Bank in accordance with current legislation, rules and procedures of the Bank in time and in full fulfills its commitments to the depositors: individuals and legal entities.

The Agency has also determined that as of 02.02.2015 the key norms of the Bank have had the following values:

1. Regulatory capital of the Bank (N1) UAH 293,597 mln (with the limit of not less UAH 120 mln);
2. Regulatory capital adequacy (N2) 19,33% (with the limit of not less 10%);
3. Normative of instant liquidity (N4) 51,59% (with the limit of not less 20%);
4. Normative of current liquidity (N5) 73,28% (with the limit of not less 40%);
5. Normative of short-term liquidity (N6) 81,82% (with the limit of not less 60%).

The above statistics indicates that PJSC «CB «GLOBUS» doesn't correspond to any of three criteria of the article 76 of the Law of Ukraine “On the system of guaranteeing the deposits of individuals”, on which NBU can recognize the bank as insolvent.

The Agency maintains a long-term credit rating of PJSC «CB «GLOBUS» since July of 2010. The planned updating of the Bank's rating will be held in the second quarter of 2015.

Therefore, according to the results of 2014 key balance sheet indicators of PJSC «CB «GLOBUS» have shown multidirectional dynamics that has been largely due to external factors. The Bank has demonstrated the decrease in assets and liabilities, at the same time has increased its shareholders' equity. Despite difficult macroeconomic conditions of activity, PJSC «CB «GLOBUS» has continued to maintain its lending activity. According to the results of 2014 the Bank has received profit of UAH 7,67 mln that deserves a positive assessment against the background of the negative total financial result of the banks of Ukraine. PJSC «CB «GLOBUS» has entered the 2015 with a good reserve of regulatory capital (N1): as of 01.01.2015 the normative of the regulatory capital adequacy of the Bank (N2) not only has exceeded the limit, set by NBU, almost in twice, but also has been noticeably higher than the average of this normative on the banking system of Ukraine. Dynamics of the liquidity norms of PJSC «CB «GLOBUS» has mainly corresponded to the average trends of the market. Despite the decrease in values, the liquidity norms of the Bank as at the beginning of 2015 have been met with a noticeable reserve with respect to the limits, set by the regulator.

*Analytical service of RA «Expert-Rating»*