RATING ANNOUNCEMENT

GCR upgrades Globus Bank Limited's national scale long term ratings to BBB(NG) from BBB-(NG); Outlook Stable.

Rating action

Lagos, 17 July 2025 – GCR Ratings (GCR) has upgraded Globus Bank Limited's national scale long term rating to BBB(NG) from BBB-(NG) and affirmed the short-term rating at A3(NG). Concurrently, the outlook on the rating was affirmed at Stable.

Rated entity	Rating class	Rating scale	Rating	Outlook
Globus Bank Limited	Long Term Issuer	National	BBB(NG)	Stable
	Short Term Issuer	National	A3(NG)	

Rating rationale

The rating upgrade reflects Globus Bank Limited's (Globus Bank or the bank) improved competitive position and capitalisation assessment, underpinned by additional capital injection and stronger earnings capacity. The ratings also balance Globus Bank's stable funding structure, adequate liquidity and sound asset quality metrics.

Globus Bank is a relatively small-sized national commercial bank, with an evolving brand franchise. In the financial year which ended 31 December 2024, the bank's total assets grew considerably by 102.1% to NGN1.6 trillion (USD1.1 billion), on the back of its growing geographical and digital presence, which supported customer growth to over 600,000 across both corporate and retail segments. Nonetheless, the bank's competitive position assessment, although slightly improved, remains constrained by its small market share of 1% of the Nigerian banking industry resources. Operating revenues also increased significantly by 85.9% to NGN94.2 billion (USD65.1 million) in 2024, with net interest income accounting for a sizeable 67.3% of operating revenues, reflecting earnings stability. Looking ahead, the bank's continued expansion strategy, enhanced technology deployment, and strategic partnerships could further support operational scale and earnings growth.

Capitalisation assessment is a positive ratings factor, underpinned by earnings retention and additional capital injection. Consequently, the GCR core capital ratio improved to 25.8% as of 31 December 2024 (December 2023: 18.5%) and registered at a lower 22.0% as of 30 June 2025. Looking ahead, the bank's GCR's core capital is expected to range between 22%-25%, balancing the bank's ongoing recapitalisation process through a rights issue and private placements and the projected growth in the loan book.

Globus Bank's risk position remains a major rating strength, supported by the stringent underwriting and credit monitoring standards. As a result, no impaired loans have been reported since inception, while the credit loss ratio registered at a moderate 0.3% as of 31 December 2024. Additionally, counterparty concentration risk moderated in 2024, with the top 20 obligors accounting for a lower 37.9% of the loan book as of 31 December 2024 (31 December 2023: 43.1%). While the sectoral distribution of the loan portfolio reflects concentration to the manufacturing sector, diversification across sub-sectors provides some level of risk mitigation. Foreign exchange risk is well managed through natural hedging, with the proportion of foreign currency loans to gross loans moderating to 16.5% as of 31 December 2024 (December 2023: 19.5%). Looking ahead, we expect the bank's asset quality metrics to be sustained within sound levels, although remains susceptible to the challenging operating environment.

We assessed funding and liquidity as a positive ratings factor, supported by the stable funding structure and sound liquidity profile. Globus Bank is largely funded by customer deposits, which constituted 94.7% of the funding base as of 31 December 2024 (31 December 2023: 98.3%). Customer deposits grew by 77% to NGN967.8 billion (USD668.8 million) of 31 December 2024 and further to NGN1.0 trillion (USD679.6 million) in H1 2025, driven by strategic deployment of technology and the expansion of its branch networks. Nonetheless, the deposit mix is largely skewed towards expensive term deposits which accounted for 36.5% (December 2024: 45.4%) of total customer deposits as of June 2025. Consequently, interest expense as a percentage of the average funding base registered at a high of 10.0% (2023: 6.5%) given the funding mix and high interest rates.

The bank's balance sheet is sufficiently liquid, with the GCR liquid assets coverage of customer deposits at 76.1% as of 31 December 2024 (31 December 2023: 42.3%). Furthermore, the bank continues to maintain a liquidity ratio above the regulatory minimum of 30%. We expect Globus Bank's funding and liquidity metrics to remain at acceptable levels over the next 12-18 months.

Outlook statement

The Stable Outlook reflects our expectation that Globus Bank will maintain a GCR core capital ratio within the range of 22.5% to 25% over the next 12-24 months, supported by internal and external capital generation. Also, asset quality metrics are likely to remain above the industry average while the stable funding base and adequate liquidity position will be sustained over the outlook period.

Rating triggers

An upward rating action may be triggered by a sustained improvement in the GCR core capital ratio above 25% over the next 24 months and a significant improvement in the bank's competitive position, with a market share c.2%. Conversely, a rating downgrade could result from a decline in the GCR core capital ratio below 20% as well as a deterioration in asset quality metrics above the industry's average.

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Related criteria and research

Criteria for the GCR Ratings Framework, May 2024
Criteria for Rating Financial Institutions, May 2024
GCR Ratings Scales, Symbols & Definitions, May 2023
GCR Country Risk Scores, July 2025
GCR Financial Institutions Sector Risk Score, July 2025

Ratings history

Globus Bank Limited					
Rating class	Review	Rating scale	Rating	Outlook	Date
Long Term Issuer	Initial	National	BBB-(NG)	Stable	July 2021
Short Term Issuer	Initial	National	A3(NG)		July 2021
Long Term Issuer	Last	National	BBB-(NG)	Stable	August 2024
Short Term Issuer	Last	National	A3(NG)		August 2024

Risk score summary

Rating Components & Factors	Score
Operating environment	**7.25**
Country risk score	3.50
Sector risk score	3.75
Business profile	**(1.75)**
Competitive position	(1.75)
Sustainability	0.00
Financial profile	**1.25**
Capital & Leverage	0.25
Risk	0.50
Funding & Liquidity	0.50
Comparative profile	**0.00**
Group support	0.00
Peer comparison	0.00
Total Risk Score	**6.75**

Glossary

Accounting	A process of recording, summarising, and allocating all items of income and expense of the company and analysing, verifying and reporting the results.
Asset Quality	Refers primarily to the credit quality of a bank's earning assets, the bulk of which comprises its loan portfolio, but will also include its investment portfolio as well as off balance sheet items. Quality in this context means the degree to which the loans that the bank has extended are performing (ie, being paid back in accordance with their terms) and the likelihood that they will continue to perform.
Asset	A resource with economic value that a company owns or controls with the expectation that it will provide future benefit.
Balance Sheet	Also known as Statement of Financial Position. A statement of a company's assets and liabilities provided for the benefit of shareholders and regulators. It gives a snapshot at a specific point in time of the assets the company holds and how they have been financed.
Capitalisation	The provision of capital for a company, or the conversion of income or assets into capital.
Customer Deposit	Cash received in exchange for a service, including safekeeping, savings, investment, etc. Customer deposits are a liability in a bank's books.
Interest Rate	The charge or the return on an asset or debt expressed as a percentage of the price or size of the asset or debt. It is usually expressed on an annual basis.
Liquid Assets	Assets, generally of a short term, that can be converted into cash.
Liquidity	The speed at which assets can be converted to cash. It can also refer to the ability of a company to service its debt obligations due to the presence of liquid assets such as cash and its equivalents. Market liquidity refers to the ease with which a security can be bought or sold quickly and in large volumes without substantially affecting the market price.
Loan	A sum of money borrowed by a debtor that is expected to be paid back with interest to the creditor. A debt instrument where immovable property is the collateral for the loan. A mortgage gives the lender a right to take possession of the property if the borrower fails to repay the loan. Registration is a prerequisite for the existence of any mortgage loan. A mortgage can be registered over either a corporeal or incorporeal property, even if it does not belong to the mortgagee. Also called a Mortgage bond.
Obligor	The party indebted or the person making repayments for its borrowings.
Private Placement	The sale of securities to a small number of institutional investors such as large banks, insurance companies and pension funds. Such issuances do not require a formal prospectus and are often not listed on an exchange.
Rights Issue	One of the ways that a company can raise additional funds is to issue new shares. These must be first offered to current shareholders and a rights issue allows a shareholder to buy shares in proportion to the number already held.
Underwriting	The process of selecting risks and classifying them according to their degrees of insurability so that the appropriate rates may be assigned. The process also includes rejection of those risks that do not qualify.

Salient points of accorded rating

GCR affirms that a.) no part of the rating process was influenced by any other business activities of the credit rating agency; b.) the ratings were based solely on the merits of the rated entity, security or financial instrument being rated; and c.) such ratings were an independent evaluation of the risks and merits of the rated entity, security or financial instrument.

The credit ratings have been disclosed to the rated entity.

The ratings above were solicited by, or on behalf of, the rated entity.

The rated entity participated in the rating process via in person interaction and/or via online virtual interaction and/or via electronic and/or verbal communication and correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible. The information received from the rated entity and other reliable third parties to accord the credit ratings included:

- Audited Financial Statement as of 31 December 2024
- Unaudited Financial Statement as of 30 June 2025
- Other related documents
- Exchange rate source: Central Bank of Nigeria USD1.00 = NGN1,447(31 December 2024), USD1.00=NGN 1,529.7