Globus Bank Limited

2025 Abridged Entity Rating Report

Agusto&Co.

Research, Credit Ratings, Credit Risk Management

GLOBUS BANK LIMITED

Long Term Rating:

A

Short Term Rating:

A1

ESG Score:

3

Outlook: Stable
Issue Date: 17 July 2025
Expiry Date: 30 June 2026
Previous Rating: A-

Industry: Banking

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A financial institution of good financial condition and strong capacity to meet its obligations relative to all other issuers in the same country.

Rating Rationale

Agusto & Co. upgrades the ratings assigned to Globus Bank Limited ("**Globus Bank**" or "**the Bank**") to "**A**" (long term) and "**A1**" (short term). The rating upgrade reflects the Bank's good asset quality on the back of a conservative approach to risk asset creation. Strong shareholder support, which underpins the good capitalisation as well as good profitability and liquidity profiles collectively uphold the rating. However, the rating is constrained by obligor concentration, low market share and the challenging macroeconomic environment. A "**3**" ESG score has also been attached to the rating, reflecting our view that environmental, social and governance issues are material to the Bank's credit risk profile.

Globus Bank Limited, licensed as a national commercial bank, sustained its growth trajectory in the financial year ended 31 December 2024, marking its fifth year of operations. Total assets and contingents grew by 95.8% to ₦1.9 trillion. Similarly, the loan book expanded by 50.3% to ₦526.9 billion and represented 26.8% (FYE 2023: 34.9%) of the asset base as at FYE 2024 as the Bank extended credit to select large corporates with high working capital needs. However, obligor concentration persisted as 20 customers accounted for 38.5% (FYE 2023: 45%) of the loan book as at FYE 2024. This makes the Bank vulnerable to a downturn in the financial performance of a few obligors. As at the same date, exposures to the manufacturing sector at 37.8% of the loan book breached our 20% maximum sectoral limit.

During the year under review, Globus Bank recorded its first stage 3 loan since operations commenced in 2019 due to the delayed settlement of a matured forward transaction by the Central Bank of Nigeria (CBN). However, the impaired loan ratio remained negligible at 0.1%. The Bank has made full provision for the stage 3 exposure, although settlement of the underlining forward transaction is expected before December 2025. We consider asset quality good while noting the risks posed by the persisting sector and obligor concentration.

Globus Bank raised ₦52.9 billion additional capital during the year under review, reiterating the strong shareholders' support. Consequently, the shareholders' funds improved to ₦175.5 billion while the capital adequacy ratio stood at 25.8%; well above the 10% regulatory minimum. However, the ₦200 billion proposed minimum paid-up capital directive by the CBN reflects a potential ₦37 billion capital deficit as at 30 June 2025, when we consider the ₦64.4 billion capital raised in the first six months of FY 2025, albeit awaiting regulatory approval.

The conclusion of the ongoing capital raising exercise is expected to ensure compliance with the minimum paid-up capital directive before the March 2026 deadline.

During the year under review, Globus Bank intensified deposit mobilisation to support the ongoing business expansion. As such, deposit liabilities grew by 77% year-on-year to ₦967.8 billion and funded 49.3% (FYE 2023: 54.5%) of total assets and contingents. The low-cost (demand and savings) deposits represented a higher 54.3% (FYE 2023: 50.8%) of total deposit liabilities. The high interest rate environment drove a 490 basis point increase in the weighted average cost of funds to 9.5% in FY 2024. Due to the high yields on treasury securities, the Bank's pool of government securities rose by 203.6% resulting in a stronger 66% (FYE 2023: 33%) liquidity ratio, well above the 30% regulatory minimum.

The Bank's net earnings jumped 114.1% to ₦92.9 billion in FY 2024, driven by higher interest rates and strong growth in loans and investment securities. Despite an 86% rise in operating expenses to ₦37.2 billion in FY 2024, stronger earnings reduced the cost-to-income ratio (CIR) to 40% (FY 2023: 46%). The pre-tax profit rose by 138.1% to ₦55.8 billion. The pre-tax return on average assets (ROA) improved to 3.8% (FYE 2023: 2.9%) and pre-tax return on average equity (ROE) rose to 43.5% (FYE 2023: 34.5%). The Bank's profitability outperforms that of most peers, and we assess the profitability as good. We expect the deployment of the additional capital to support further business expansion and in turn profitability. Based on the aforementioned, we have assigned a **stable** outlook to Globus Bank Limited**.**

Figure 1: Strengths, Weaknesses and Challenges of Globus Bank Limited

Strengths
- Good asset quality
- Good profitability
- Good capitalisation
- Good liquidity profile

Weaknesses
- Obligor and sector concentration in the loan book
- Low market share

Challenges
- Maintaining asset quality in a challenging macro-economic environment
- Attracting and retaining younger and more agile talent

Table 1: Background Information

	31 December 2023	31 December 2024
Total Assets & Contingents	₦1 trillion	₦1.9 trillion
Gross Loans and Advances	₦350.6 billion	₦526.9 billion
Deposit Liabilities	₦546.9 billion	₦967.8 billion
Net Earnings	₦43.4 billion	₦92.9 billion
Pre-tax Return on Average Assets & Contingents (ROA)	2.9%	3.8%
Pre-tax Return on Average Equity (ROE)	34.5%	43.5%

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