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FBN Holdings PLC (Holding Company)

First Bank of Nigeria Ltd. (Lead Bank)

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Table Of Contents

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First Bank of Nigeria Ltd. (Lead Bank)

SACP	b-
Anchor	b	
Business Position	Adequate	0
Capital and Earnings	Weak	0
Risk Position	Moderate	-1
Funding	Above Average	0
Liquidity	Adequate	

+

Support	0
ALAC Support	0
GRE Support	0
Group Support	0
Sovereign Support	0

+

Additional Factors	0

Issuer Credit Rating
B-/Stable/B

Bank Holding Company ICR
B-/Stable/B

Major Rating Factors

Strengths:	Weaknesses:
• Dominant market position in Nigeria. • Strong retail deposit base and low cost of funding.	• Inherently high economic and industry risks. • Weaker asset-quality metrics than top peers in Nigeria. • High level of loan concentration and foreign currency lending.

Outlook: Stable

S&P Global Ratings stable outlook on Nigeria-based First Bank of Nigeria Ltd. (FirstBank), the main operating bank of nonoperating holding company FBN Holdings PLC (FBNH), reflects our view that the bank will maintain its regulatory capital (CAR) above the minimum requirement of 15% over the next 12 months. It also reflects our view that the bank's asset quality will continue to improve gradually while maintaining a stable funding liquidity profile over the next 12 months.

We would lower the ratings on FirstBank if it breached its minimum regulatory requirement. This could happen if the bank displays higher risk weights or higher credit losses than anticipated.

A positive rating action on FirstBank would depend on the bank substantially improving its asset quality indicators. In addition to this, the bank would need to continue to demonstrate capitalization, business position, and funding and liquidity at levels commensurate with a higher rating.

We would lower the ratings on the FBNH if we lowered the ratings on FirstBank or if we saw any emergence of leverage at the nonoperating holding company (NOHC) level. We would not raise the ratings on FBNH if we raised the ratings on FirstBank, reflecting our view of the structural subordination of NOHC creditors.

Rationale

The ratings on FirstBank, a fully owned subsidiary of FBNH, reflect our view of FBNH group's (the group's) creditworthiness. The bank in Nigeria is the core component of the group, which is one of the leaders in the Nigerian financial services industry. The ratings are supported by the group's position as the third-largest banking group in Nigeria by total assets. Underpinning our assumptions are the group's well-established retail franchise and access to low cost of funds.

The group's capital and earnings is neutral for the ratings, although we anticipate return on average equity will improve to over 12% by 2020. We expect the group's asset quality will gradually improve, but will likely remain weaker than that of top-tier peers' in 2019 on the back of a more stable, albeit low-growth economic environment. Key rated peers are Access Bank, Guaranty Trust Bank, Zenith Bank, United Bank for Africa, all of which have a group credit profile (GCP) of 'b'. Similar to its peers, FirstBank is funded by stable short-term customer deposits and has a strong deposit franchise and good Nigerian naira (NGN) liquidity.

We do not factor any uplift above the group's GCP of 'b-' despite its high systemic importance. We believe the government does not have the capacity to provide timely extraordinary support to the banking sector in times of stress.

Our ratings on FirstBank's holding company FBNH are at the same level as the ratings on FirstBank, reflecting the absence of debt at the holding company level. We generally notch down from the GCP to reflect the structural subordination of the NOHC and its exposure to potential regulatory intervention. Nevertheless, in FBNH's case, we take into account the absence of debt at the holding company level and believe that the risk of the NOHC defaulting is not commensurate with the 'CCC' rating category.

Anchor: 'b' for banks operating only in Nigeria

We use our Banking Industry Country Risk Assessment economic and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating to a bank. The anchor for a commercial bank operating in Nigeria is 'b', based on an economic risk score of '10' and an industry risk score of '9'.

Following years of heightened risks, operating conditions for the Nigerian banking sector are stabilizing on the back of a weak economic recovery, and increasing U.S. dollar supply in the banking system. We still consider the Nigerian banking sector to be in a correction phase. We project slow economic recovery with real GDP growth of about 2% in 2019, and we expect flat or negative credit growth in 2019. The sector's asset quality and profitability will likely improve only gradually, with high credit losses of 2.5%-3.0% in 2019. However, we expect top-tier banks' operating performance will remain resilient through the credit cycle.

Nigeria's weak banking oversight stems largely from a weak regulatory track record. However, the Central Bank of Nigeria has introduced a number of measures to ensure the sector's stability. For example, it has restricted banks from distributing dividends if their nonperforming loans (NPL) ratio exceeds the 10% regulatory limit. Positively, the majority of banks have overcome their short-term liquidity challenges following the introduction of the Nigerian Autonomous Foreign Exchange Fixing Mechanism (NAFEX) window in April 2017.

Table 1

FBN Holdings PLC Key Figures

		--Year-ended Dec. 31--			
(Mil. NGN)	**2019***	**2018**	**2017**	**2016**	**2015**
Adjusted assets	5,648,340.0	5,549,479.0	5,218,674.0	4,721,477.0	4,156,502.0
Customer loans (gross)	1,885,542.0	2,069,286.0	2,280,393.0	2,394,778.0	1,956,993.0
Adjusted common equity	429,867.0	413,341.0	567,728.0	522,311.0	492,597.0
Operating revenues	206,598.0	411,165.0	441,140.0	467,728.0	359,804.0
Noninterest expenses	144,643.0	253,653.0	229,774.0	215,419.0	217,275.0
Core earnings	31,683.1	65,052.4	50,484.7	18,889.2	17,581.5

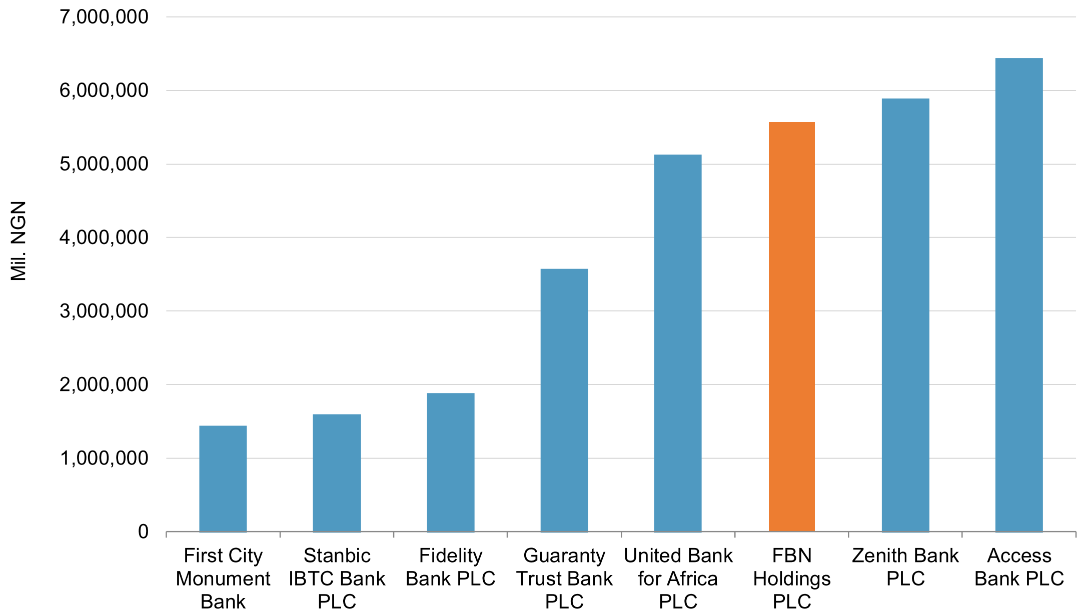
*Data as of June 30.
NGN--NGN-Nigerian naira.

Business position: One of the leading banking groups operating in Nigeria with a strong retail franchise

We balance our view of the group's leading market position and relatively diverse business mix against its business concentrations in Nigeria and its high cost base.

Chart 1

FBN Holdings PLC Is The Third Largest Banking Group In Nigeria By Assets



NGN--Nigerian naira. Source: S&P Global Ratings.

The group's assets amounted to NGN5.7 trillion (equivalent to $16 billion at an exchange rate of NGN359/$1) on June 30, 2019, making it the third- largest financial services group in Nigeria. FirstBank is the largest subsidiary, accounting for about 94% of group assets as at June 30, 2019. The group offers a diversified range of services such as commercial banking (via First Bank of Nigeria Ltd and its subsidiaries), merchant banking and asset management (via FBNQuest Merchant Bank Ltd and its subsidiaries), and insurance (via FBN Insurance Ltd and FBN Insurance Brokers Ltd). The largest revenue generator, based on financial data on June 30, 2019, is its commercial banking division at 89.6% of revenue, followed by merchant banking and asset management at 5.6%, and insurance at 4.8%.

The group's predominant retail franchise (more than 95% of customer accounts are retail clients and account for 67% of deposits) services approximately 16 million customers, of which 10 million actively use its digital channels. This has allowed the group to maintain a low cost of funding, averaging 3.3% over the past four years. In our opinion, the low cost of funds is a key competitive advantage for the group because it supports interest margins and allows the group to finance higher quality and more price-sensitive corporate borrowers.

The group actively uses agent-banking channels (about 27500), which serve as a lower cost option than a bank branch outlet. This has been key to expanding its reach across Nigeria. Because of its stronger retail platform, it is well placed to capture Nigerian retail market growth, even though competition is intensifying.

We expect geographic diversification will remain unchanged for the next 12 months. The group's U.K. subsidiary is its largest outside Nigeria, and it acts as a correspondent bank for African banks in the U.K. The bank diversified geographically in 2013, purchasing four banks from the International Commercial Bank in Ghana, Gambia, Guinea, and Sierra Leone, and acquiring ICB Senegal in 2014. The group's offshore subsidiaries contributed 9.2% of the group's non-current assets and 14.2% of group revenue at end-June 2019.

We believe the management team in place since 2016 has taken key steps in improving the group's risk framework. It has also made progress in turning around the group's profitability in the past two years. We forecast return on equity will gradually improve and average 12% over the next two years. Less positive is the group's higher cost base following the one off restructuring charges in first-half 2019, which resulted in a cost to income ratio of 70% compared with 56% at June 2018.

Table 2

FBN Holdings PLC Business Position

		--Year-ended Dec. 31--			
(%)	**2019***	**2018**	**2017**	**2016**	**2015**
Total revenues from business line (mil. NGN)	206,621.0	411,188.0	441,224.0	467,728.0	359,804.0
Commercial & retail banking/total revenues from business line	88.4	87.1	86.7	89.4	87.2
Insurance activities/total revenues from business line	6.9	5.3	4.1	2.7	2.8
Asset management/total revenues from business line	4.3	7.1	8.8	7.7	9.2
Other revenues/total revenues from business line	0.4	0.5	0.4	0.2	0.8
Return on average common equity	11.4	9.8	6.9	2.4	2.8

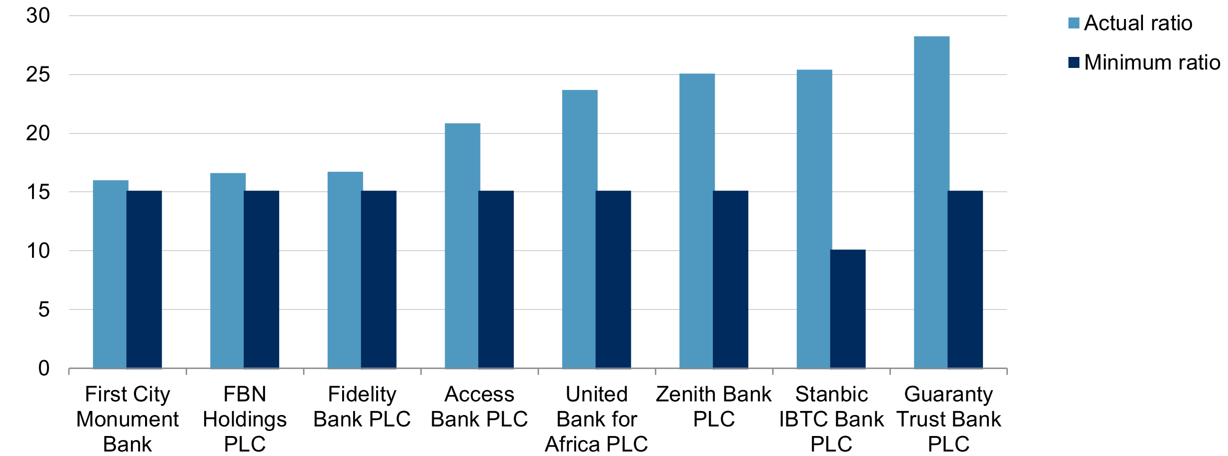
*Data as of June 30.
NGN--Nigerian naira. N.A.--Not available. N/A--Not applicable. N.M.--Not meaningful.

Capital and earnings: Earnings stability is gradually improving

We expect a risk-adjusted capital (RAC) ratio of 3.5%-4.0% for the group over the next 12-18 months. The RAC ratio declined to 3.4% as of Dec. 31, 2018, from 4.9% in 2017, due to lower earnings retention in 2018. Similarly, the group's regulatory total capital ratio declined to 15.6% (16.8% inclusive of capitalized earnings) on June 30, 2019, from 17.3% at year-end 2018. We expect the group's CAR will remain above the regulatory minimum over our forecast period.

Chart 2

FBN's Capital Adequacy Ratio Was 16.8% (Including Capitalized Earnings)
As of June 30, 2019



CAR--Capital adequacy ratio. Source: S&P Global Ratings.

Our RAC forecast takes into consideration the following assumptions over the next two years:

- Loan growth of about 2.5%-5.0% through 2021 and a net interest margin of 6.0%-6.5%.
- Cost of risk declining below 3% at about 2.8% by 2021.
- Cost to income averaging 67%.
- Dividend payout of about 20% of net income.

The group's earnings volatility has reduced in the past three years because the group has proactively cleaned up its loan portfolio. Earnings will likely stabilize in the coming years, with cost of risk normalizing to below 3% over the forecast period.

The group's quality of capital and earnings compares adequately with its domestic peers, and its adjusted common equity comprises 100% of total adjusted capital.

We expect revenue will predominantly come from stable sources like net interest income and fees and commission income, comprising about 70% and 20% of operating revenue respectively at year-end 2018.

Table 3

FBN Holdings PLC Capital And Earnings

		--Year-ended Dec. 31--			
(%)	**2019***	**2018**	**2017**	**2016**	**2015**
Tier 1 capital ratio	N/A	14.0	13.9	14.0	13.3

Table 3

FBN Holdings PLC Capital And Earnings (cont.)

(%)	2019*	2018	2017	2016	2015
		--Year-ended Dec. 31--			
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Double leverage	95.9	92.5	92.5	93.8	95.7
Net interest income/operating revenues	71.0	69.1	75.2	65.1	73.7
Fee income/operating revenues	19.6	18.3	14.1	12.9	15.1
Market-sensitive income/operating revenues	5.8	8.6	7.9	19.9	8.6
Noninterest expenses/operating revenues	70.0	61.7	52.1	46.1	60.4
Preprovision operating income/average assets	2.2	2.9	4.2	5.7	3.4
Core earnings/average managed assets	1.1	1.2	1.0	0.4	0.4

*Data as of June 30.
N.A.--Not available. N/A--Not applicable. N.M.--Not meaningful.

Table 4

FBN Holdings PLC RACF [Risk-Adjusted Capital Framework] Data

(Mil. NGN)	Exposure*	Basel III RWA	Average Basel III RW(%)	S&P Global Ratings' RWA	Average S&P Global Ratings' RW (%)
Credit risk					
Government & central banks	2,114,295	--	--	2,697,705	128
Of which regional governments and local authorities	--	--	--	--	--
Institutions and CCPs	894,187	--	--	1,299,667	145
Corporate	2,332,721	1,827,500	78	4,920,633	211
Retail	61,102	--	--	133,216	218
Of which mortgage	--	--	--	--	--
Securitization§	--	--	--	--	--
Other assets†	131,645	--	--	444,302	338
Total credit risk	5,533,949	1,827,500	33	9,495,523	172
Credit valuation adjustment					
Total credit valuation adjustment	--	--	--	--	--
Market Risk					
Equity in the banking book	144,682	--	--	1,625,813	1,124
Trading book market risk	--	43,938	--	123,576	--
Total market risk	--	43,938	--	1,749,388	--
Operational risk					
Total operational risk	--	655,770	--	876,990	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings' RWA**	**% of S&P Global Ratings' RWA**
Diversification adjustments					
RWA before diversification	--	2,527,208	--	12,121,901	100
Total Diversification/ Concentration Adjustments	--	--	--	3,201,361	26
RWA after diversification	--	2,527,208	--	15,323,262	126

Table 4

FBN Holdings PLC RACF [Risk-Adjusted Capital Framework] Data (cont.)

	Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global Ratings' RAC ratio (%)
Capital ratio				
Capital ratio before adjustments	228,619	14.0	413,341	3.4
Capital ratio after adjustments‡	228,619	14.0	413,341	2.7

*Exposure at default. §Securitization Exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital.NGN -- Nigerian naira . Sources: Company data as of 'Dec. 31 2018', S&P Global Ratings.

Risk position: High credit losses arising from high-risk concentration

Our relatively weaker assessment of the group's risk position reflects its high, albeit improving, level of NPLs stemming from significant exposure to the oil and gas sector. That said, we note that the group's overhaul of its enterprise risk management system, as well as its efforts in resolving nonperforming oil and gas exposures, has yielded positive results, with its cost of risk reducing to 3.98% at year-end 2018 from 6.4% in 2017. We anticipate that this ratio will decline below 3% to about 2.9% by 2021.

The group's loan portfolio's weak performance stems from its concentration of foreign currency loans (45% as June 30, 2019), largely due to oil- and gas-related exposures. Furthermore, top-20 obligors contributed 63% of total loans, or 2.55x total-adjusted capital at year-end 2018.

Approximately 60% of NPLs stem from the oil and gas sector, while the remainder are spread across the manufacturing, general commerce, and other sectors. Positively, recovery prospects are improving on the back of broadly stable oil production and prices compared with weak levels in 2016. As a result, we forecast the NPL ratio will improve to about 10% by 2021. We expect loan loss coverage will improve to 85% by 2020, because the group will likely face additional impairments given the focus on improving asset quality metrics and potential migration of some stage 2 loans to stage 3 in a still-fragile operating environment.

Table 5

FBN Holdings PLC Risk Position

		--Year-ended Dec. 31--			
(%)	**2019***	**2018**	**2017**	**2016**	**2015**
Growth in customer loans	(17.8)	(9.3)	(4.8)	22.4	(11.9)
Total managed assets/adjusted common equity (x)	13.2	13.5	9.2	9.1	8.5
New loan loss provisions/average customer loans	2.2	4.0	6.4	10.4	5.7
Net charge-offs/average customer loans	2.6	8.6	8.5	2.8	1.1
Gross nonperforming assets/customer loans + other real estate owned	14.5	25.9	22.8	24.4	18.1
Loan loss reserves/gross nonperforming assets	52.5	72.0	53.7	53.2	39.5

*Data as of June 30.

Funding and liquidity: Strong deposit franchise and good naira liquidity

Low-interest-bearing deposits largely dominate the group's funding profile. The group's customer deposits accounted for about 77% of its total funding base in 2018. The deposit book is dominated by retail (71%), corporate (12%), and commercial (8%) deposits and the group has fewer price-sensitive institutional and corporate deposits than peers. Consequently, we expect its stable funding ratio will remain strong over the next three years, at well above 100%. It was at 160% over 2018, which compares adequately with that of top-tier domestic peers.

The group's liquidity indicators compare well with the sector average. As of 2018, the group's broad liquid assets covered about 61% of short-term customer deposits and 3.79x of short-term wholesale funding. The group's liquid assets comprise unrestricted cash, Nigerian treasury bills, and interbank placements, similar to those of other domestic banks we rate. The group's cash and deposits with other banks comprised 25% of total assets in 2018. The group also benefits from a large portfolio of government securities. Furthermore, in July 2019, the group repaid its subordinated notes due in 2020 and 2021 totaling $750 million. This highlights that the NAFEX window introduced in 2017 has addressed foreign exchange shortages in the system, and that the group's long U.S.-dollar position has enabled it to prepay its foreign currency obligations.

Table 6

FBN Holdings PLC Funding And Liquidity

		--Year-ended Dec. 31--			
(%)	**2019***	**2018**	**2017**	**2016**	**2015**
Core deposits/funding base	76.9	76.2	74.3	66.2	75.4
Customer loans (net)/customer deposits	48.7	48.3	63.7	82.1	71.5
Long-term funding ratio	85.6	84.5	84.9	76.9	84.4
Stable funding ratio	156.3	161.9	145.2	124.9	135.7
Short-term wholesale funding/funding base	16.1	17.3	17.5	11.8	5.5
Broad liquid assets/short-term wholesale funding (x)	3.7	3.7	3.2	4.5	9.4
Net broad liquid assets/short-term customer deposits	58.8	63.1	54.8	54.2	54.2
Short-term wholesale funding/total wholesale funding	69.8	72.6	68.0	35.0	22.2
Narrow liquid assets/3-month wholesale funding (x)	N/A	4.4	3.6	4.8	14.5

*Data as of June 30.
N.A.--Not available.

Support: Core to the parent

We consider FirstBank a core subsidiary of its parent FBNH. The bank is the principal subsidiary of the holding company, and represented about 94% of the group's assets and earnings as of June 30, 2019. FBNH was created in 2012 as a result of the regulatory requirement to ring-fence core banking activities from noncore operations. The group has banking operations in 10 countries outside Nigeria (West African countries, the Democratic Republic of Congo, and the U.K.), which are fully owned by the bank.

Despite the bank's high systemic importance, the ratings on FirstBank reflect our assessment of the bank's core status to FBNH and its 'b-' GCP. We consider the Nigerian government's extraordinary support toward the domestic banking sector uncertain, and therefore do not add any notches of support to our ratings on the bank.

Additional rating factors: Holding company

Our ratings on FirstBank's holding company FBNH are at the same level as the ratings on FirstBank, reflecting the absence of debt at the holding company level. Under our criteria, we generally notch down from the GCP to reflect the structural subordination of the NOHC and its exposure to potential regulatory intervention. Nevertheless, in FBNH's case, we take into account the absence of debt at the holding company level and believe that the risk of default of the NOHC is not commensurate with the 'CCC' rating category.

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- General Criteria: Methodology For National And Regional Scale Credit Ratings, June 25, 2018
- Criteria - Financial Institutions - General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria - Financial Institutions - Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- Criteria - Financial Institutions - Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Criteria - Financial Institutions - Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- Nigeria 'B/B' And 'ngA/ngA-1' Ratings Affirmed; Outlook Stable, March 15, 2019
- Banking Industry Country Risk Assessment: Nigeria, Jan. 22, 2019
- Nigerian Financial Institutions National Scale Ratings Revised After Criteria Update; Removed From Criteria Observation, July 2, 2018

Regulatory Disclosures

Regulatory disclosures applicable to the most recent credit rating action can be found in "Nigeria-Based First Bank of Nigeria Ltd. 'B-/B' And 'ngBB+/ngB' Ratings Affirmed; Outlook Stable,", published June 22, 2018, on RatingsDirect, and "Nigerian Financial Institutions National Scale Ratings Revised After Criteria Update; Removed From Criteria Observation", published on July 2, 2018, on RatingsDirect

Glossary

- Adjusted assets: Total assets less nonservicing intangibles.

- Anchor: The starting point for assigning a bank a long-term rating, based on economic and industry risk.
- Asset quality: A key measure of the quality and performance of the assets of a bank.
- Available stable funding: Core deposits, plus deposits due to banks (net of those that mature within one year), plus other borrowings (net of maturities within one year), plus total equity, minus intangibles.
- Business position: A measure of the strength of a bank's business operations.
- Broad liquid assets: cash (net of restricted cash) and reserves at central bank, plus other cash and money market, plus bank loans and reverse repos that mature in less than one year, plus total liquid assets.
- Capital and earnings: A measure of a bank's ability to absorb losses.
- Core deposits: Total deposits minus noncore deposits (such as deposits due to banks and certificates of deposits).
- Core earnings over average managed assets: Annualized core earnings, over average assets of current period and last fiscal year.
- Core earnings: Net income before minority interest, minus nonrecurring income, plus nonrecurring expenses, plus/minus tax impact on adjustments, plus amortization/impairment of goodwill/intangibles, minus preferred dividends.
- Cost of funds: Interest expense as a percentage of average interest-bearing liabilities.
- Cost of risk: As a percentage of total loans, the charge for bad and doubtful debts.
- Counterparty credit rating: A form of issuer credit rating, which is a forward-looking opinion about an obligor's overall creditworthiness.
- Credit losses: Losses arising from credit risk.
- Credit risk: Risk that a borrower will default on its payment obligations.
- Customer loans (gross): Total customer loans before loan loss reserves.
- Customer loans (net) over customer deposits: Gross customer loans net of loan loss reserves, over core deposits.
- Fee income over operating revenues: Net income on fees and commissions over operating revenues.
- Funding and liquidity: A combined assessment of the strength and stability of a bank's funding mix and its ability to manage its liquidity needs in adverse market and economic conditions over an extended period.
- Funding base: Total deposits, plus acceptances, repurchase agreements, and other borrowings (including commercial papers, short- and long-term debt, subordinated debt, and minimal equity content hybrids).
- Group credit profile (GCP): S&P Global Ratings' opinion of a group's creditworthiness as if the group were a single legal entity, and is conceptually equivalent to an issuer credit rating. A GCP does not address any specific obligation.
- Group support: An assessment of the likelihood that a parent or other group member would provide extraordinary support to a bank within that group.
- Gross nonperforming assets over customer loans plus other real estate owned over customer loans: Nonaccrual loans, plus restructured loans, plus repossessed assets plus loans 90-days past due; over gross customer loans plus repossessed assets.
- Loan loss reserves over gross nonperforming assets: General plus specific reserves, over adjusted nonperforming

assets (nonaccrual loans plus restructured loans plus repossessed assets plus 90-day past due loans).

- Long-term funding ratio: Available stable funding, over funding base plus total equity, minus intangibles.
- National scale rating: An opinion of an obligor's creditworthiness or overall capacity to meet specific financial obligations, relative to other issuers and issues in a given country or region.
- Net interest income over operating revenues: Net interest income (including net interest income on loans, securities, and other assets), over operating revenues.
- New loan loss provisions over average customer loans: Credit loss provisions (including specific loan provisions and general and other provisions) minus recoveries, over average gross customer loans of current period and last fiscal year.
- Noninterest expenses: Salaries and general administrative expenses (including depreciations and amortizations).
- Operating revenues: Net interest income, plus operating non-interest income (that mainly includes fees and commissions and trading gains).
- Preprovision operating income over average assets: Operating revenues minus noninterest expenses, over average assets.
- Return on equity: Net income before extraordinary results minus preferred dividends over average common (average between current period and last fiscal period).
- Risk position: Our view of the specific risk characteristics of a particular bank.
- Risk-adjusted capital (RAC) ratio before diversification: This is calculated according to S&P Global Ratings' methodology as total adjusted capital over risk-adjusted assets.
- Short-term wholesale funding: Debt securities that mature in less than one year (of commercial papers, debt and senior and subordinated bonds), plus bank deposits that mature in less than one year.
- Sovereign support: An assessment of the likelihood that the government would provide extraordinary support to a bank.
- Short-term wholesale funding: Debt securities that mature in less than one year (of commercial papers, debt and senior and subordinated bonds), plus bank deposits that mature in less than one year.
- Stable funding needs: Restricted cash and reserves at the central bank, plus interbank deposits, plus loans to banks (net of maturities within one year), plus reverse repurchase agreements, plus gross customer loans net of loan-loss reserves, plus securities, minus total liquid securities, plus equity participations in nonfinancial entities, plus fixed assets, plus other assets (considering foreclosed assets, tax loss carryforwards, and deferred assets).
- Stable funding ratio: Available stable funding over stable funding needs.
- Stand-alone credit profile (SACP): An interim step in assessing a bank's overall creditworthiness. It includes government support, but not extraordinary government support.
- Total adjusted capital: adjusted common equity plus admissible preferred instruments and hybrids.
- Total wholesale funding: Noncore deposits, plus acceptances, repurchase agreements, other borrowings (including commercial papers, debt and senior and subordinated bonds, minimal equity content hybrids), and total equity, minus minority interest and common shareholders' equity.

Anchor Matrix

Industry Risk	Economic Risk									
	1	2	3	4	5	6	7	8	9	**10**
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	a-	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	**b**
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of August 23, 2019)*

First Bank of Nigeria Ltd.		
Issuer Credit Rating		B-/Stable/B
Nigeria National Scale		ngBBB/--/ngA-2
Subordinated		CCC
Issuer Credit Ratings History		
21-Jun-2017		B-/Stable/B
18-Apr-2017		B-/Negative/B
22-Sep-2016		B-/Negative/C
22-Jun-2016		B-/Watch Neg/C
24-Mar-2016		B+/Negative/B
25-Mar-2015		B+/Stable/B
13-Feb-2015		BB-/Watch Neg/B
02-Jul-2018	*Nigeria National Scale*	ngBBB/--/ngA-2
21-Jun-2017		ngBB+/--/ngB
22-Sep-2016		ngBB/--/ngB
22-Jun-2016		ngBB/Watch Neg/ngB
24-Mar-2016		ngA-/--/ngA-2
25-Mar-2015		ngA/--/ngA-1
13-Feb-2015		ngAA-/Watch Neg/ngA-1
Sovereign Rating		
Nigeria		B/Stable/B
Nigeria National Scale		ngA/--/ngA-1
Related Entities		
FBN Finance Company B.V.		
Subordinated		CCC
FBN Holdings PLC		
Issuer Credit Rating		B-/Stable/B

Ratings Detail (As Of August 23, 2019)*(cont.)	
Nigeria National Scale	ngBBB-/--/ngA-3

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.