

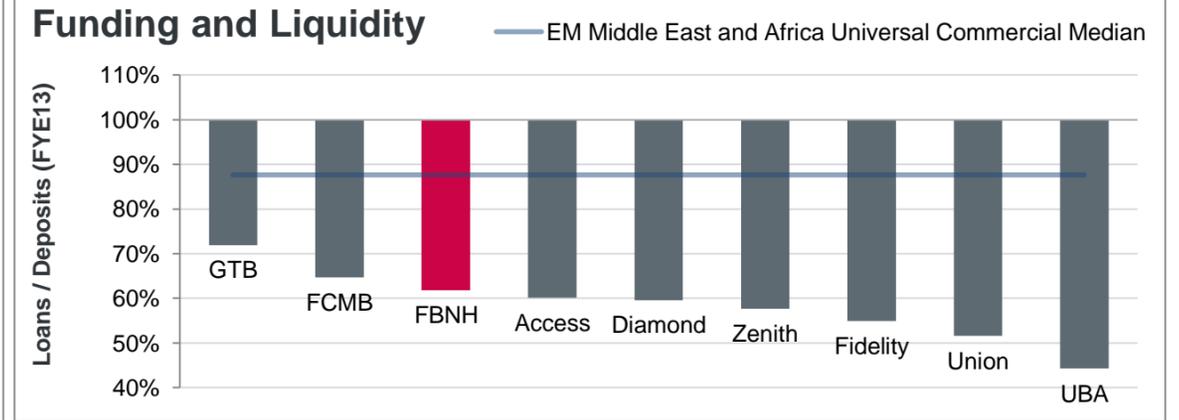
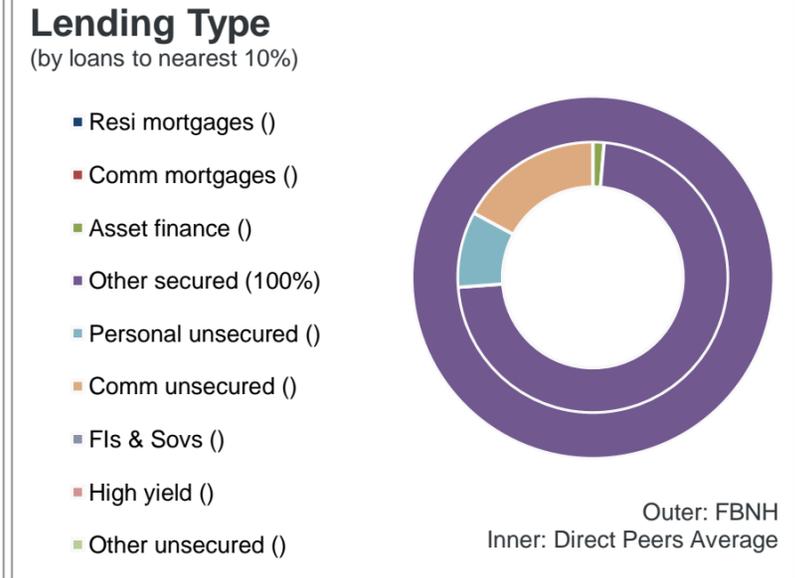
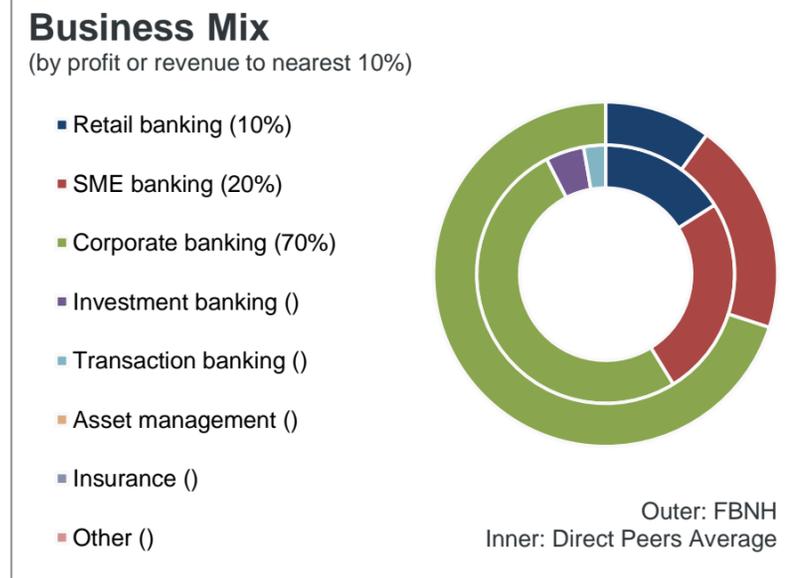
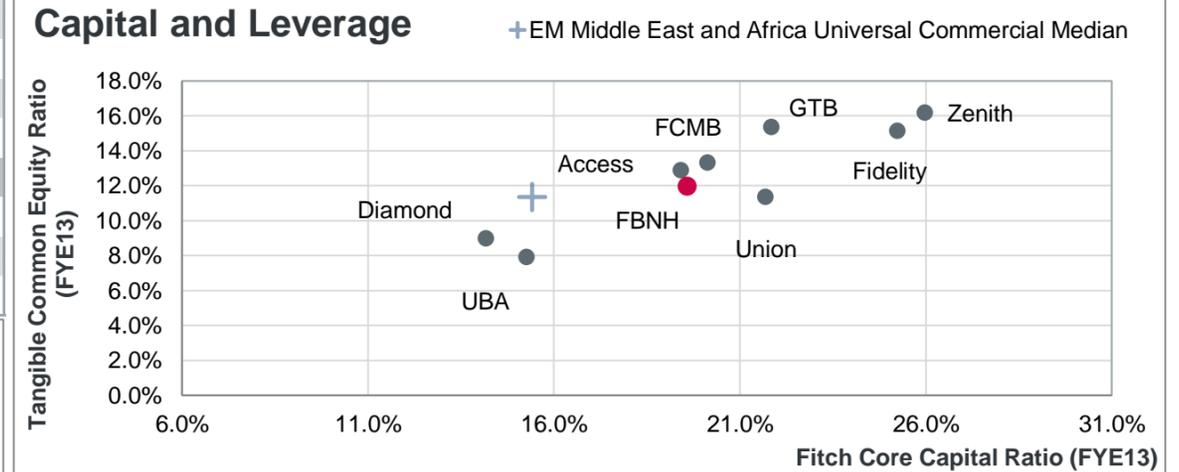
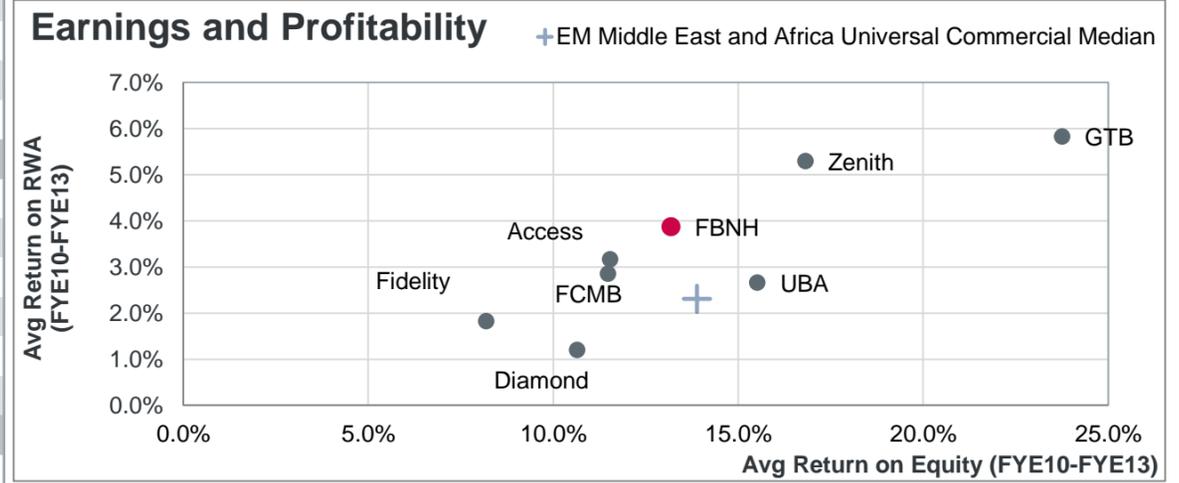
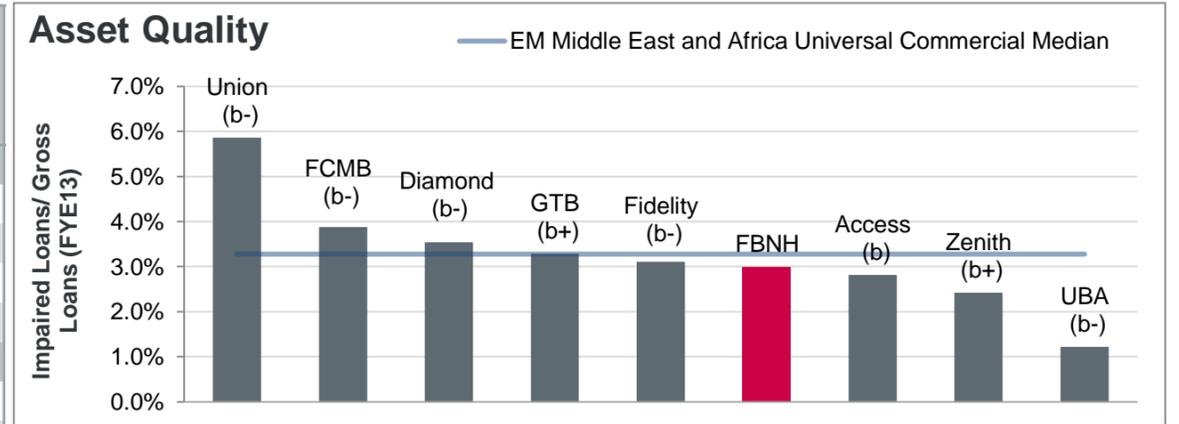
Banks Ratings Navigator		
Navigator date:	05 Mar 2015	
Last rating action:	23 Feb 2015	
Sector Details:		
Bank sector:	Universal Commercial	
Region:	EM Middle East and Africa	
Country:	Nigeria	
Country IDR:	BB- Stable	
Last action:	03 Oct 14 Affirmed	
Country ceiling:	BB-	
Macro prudential indicator:	1	
Bank systemic indicator:	b	
Bank Rating History		
Viability Rating (VR)		
23 Feb 15	b	Affirmed
04 Mar 14	b	Affirmed
08 Jul 13	b	Affirmed
Issuer Default Rating (IDR)		
23 Feb 15	B Stable	Affirmed
04 Mar 14	B Stable	Affirmed
08 Jul 13	B Stable	Affirmed
Support Rating Floor (SRF)		
23 Feb 15	NF	Affirmed
04 Mar 14	NF	Affirmed
08 Jul 13	NF	Affirmed
Bar Chart Legend:		
Vertical bars = VR range of Rating Factor		
Bar Colors = Influence on final VR		
<span style="color:red">■</span>	Higher Influence	
<span style="color:blue">■</span>	Moderate Influence	
<span style="color:lightblue">■</span>	Lower Influence	
Bar Arrows = Rating Factor Outlook		
↑	Positive	↓ Negative
↕	Evolving	□ Stable
Peer Ratings bars = Count of banks		
76	EM Middle East and Africa Universal Commercial	
9	Nigeria Universal Commercial	
Relevant Criteria & References		
<a href="#">Global FI Rating Master Criteria (Jan 2014)</a>		
<a href="#">FI Rating Criteria Hierarchy</a>		
<a href="#">Macro-Prudential Risk Monitor (June 2014)</a>		

	Peer Ratings	Operating Environment	Company Profile	Management	Risk Appetite	Financial Profile			Viability Rating	Support Rating Floor	Issuer Default Rating
						Asset Quality	Earnings & Profitability	Capitalisation & Leverage			
aaa									aaa	AAA	AAA
aa+									aa+	AA+	AA+
aa									aa	AA	AA
aa-									aa-	AA-	AA-
a+									a+	A+	A+
a									a	A	A
a-									a-	A-	A-
bbb+									bbb+	BBB+	BBB+
bbb									bbb	BBB	BBB
bbb-									bbb-	BBB-	BBB-
bb+									bb+	BB+	BB+
bb									bb	BB	BB
bb-									bb-	BB-	BB-
b+									b+	B+	B+
b									b	B	B Stable
b-									b-	B-	B-
ccc									ccc	CCC	CCC
cc									cc	CC	CC
c									c	C	C
f									f	NF	D or RD

Support Rating Floor	Value		
Typical D-SIFI SRF for country's rating level (assuming high propensity)	BB- or B+		
Actual country D-SIFI SRF	B+		
Support Rating Floor:	NF		
Support Factors	Positive	Neutral	Negative
Sovereign ability to support system			
Size of banking system	✓		
Size of potential problem			✓
Structure of banking system		✓	
Liability structure of banking system		✓	
Sovereign financial flexibility		✓	
Sovereign propensity to support system			
Track record of banking sector support	✓		
Resolution legislation		✓	
Government statements of support		✓	
Sovereign propensity to support bank			
Systemic importance			✓
Ownership		✓	
Liability structure of bank			✓
Specifics of bank failure		✓	
Policy banks			
Policy role			
Funding guarantees and legal status			
Government ownership			

Drivers & Sensitivities	
<b>VR Aligned with Operating Company's</b>	FBN Holdings plc's (FBNH) Issuer Default Rating is driven by its Viability Rating (VR), which is aligned with the VR of its main operating company, First Bank of Nigeria Ltd.
<b>Highly Challenging Operating Environment</b>	FBNH's VR is constrained by a challenging domestic environment. Low oil prices, currency pressure and political uncertainty are likely to weaken financial metrics in 2015, although to a degree this is already factored into the ratings.
<b>Very Strong Domestic Retail Franchise</b>	The group has a strong mass-market retail franchise in Nigeria. It is the largest bank in the country and is also the largest retail deposit taker.
<b>High Exposure to Oil and Gas</b>	Asset quality is acceptable. FBNH has the highest oil and gas (O&G) exposure among peers (40% of loans at end-September 2014). This is a key risk, in particular the upstream book (12%). Parts of this may need restructuring if current oil prices persist.
<b>Strong Funding, Acceptable Earnings and Capital</b>	The group has a strong funding franchise. Its retail franchise allows it to source low-cost deposits, and it successfully accessed capital markets in 2014. The group has acceptable earnings and capital metrics. Liquidity is adequate.
<b>VR Sensitive to Operating Environment and O&amp;G Exposure</b>	A prolonged economic downturn leading to weaker asset quality, particularly in O&G, and causing substantially higher loan impairment charges and capital erosion could be a VR downgrade trigger.
<b>Limited VR Upside</b>	A VR upgrade, though unlikely at present, could in the longer term result from the group successfully broadening its franchise and strengthening revenue generation.
<b>No Support for Holding Companies</b>	FBNH's Support Rating Floor of 'No Floor' reflects Fitch Ratings' view that state support extended to banks would not apply to holding companies.
Analysts	
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2nd	Mahin Dissanayake mahin.dissanayake@fitchratings.com +44 203 530 1618

Key Financial Ratios (02 Mar 2015)	FBN Holdings plc				Direct Peers Median				Region Sector Median							
	Number of Banks:				9	8	8	7								
	Statement:				FYE13	FYE12	FYE11	FYE10	FYE13	FYE12	FYE11	FYE10	FYE13	FYE12	FYE11	FYE10
<b>Size (USDbn)</b>																
Total assets	25	21	18	16	12	9	10	8	21	17	16	15				
Risk weighted assets (incl. Basel floor/cap)	15	13	11	11	8	6	6	6	16	13	11	12				
Total equity	3	3	2	3	2	1	1	1	2	2	2	2				
Fitch core capital (FCC)	3	3	2	3	1	1	1	1	2	2	2	2				
<b>Asset Quality</b>																
Growth of gross loans	14.8%	23.0%	6.1%	n.a.	25.8%	10.2%	15.2%	6.6%	10.1%	9.5%	8.4%	5.4%				
Impaired loans/gross loans	3.0%	2.6%	2.6%	7.6%	3.1%	3.2%	6.6%	7.4%	3.3%	3.5%	3.8%	4.8%				
Reserves for impaired loans/impaired loans	83.0%	94.9%	97.9%	56.6%	83.0%	94.2%	88.7%	70.0%	96.7%	91.6%	89.5%	79.9%				
Imp loans less reserves for imp Loans/FCC	2.0%	0.5%	0.2%	10.0%	1.2%	1.0%	3.7%	9.0%	0.5%	1.7%	2.1%	4.0%				
Loan impairment charges/avg gross loans	1.2%	0.9%	2.8%	n.a.	1.2%	0.9%	2.9%	1.7%	0.9%	1.0%	0.9%	0.9%				
<b>Earnings and Profitability</b>																
Net interest income/average earning assets	7.9%	8.6%	7.7%	n.a.	7.9%	8.0%	7.7%	8.6%	3.2%	3.2%	3.2%	3.2%				
Non-interest expense/gross revenues	62.6%	64.4%	61.4%	n.a.	63.4%	63.0%	64.1%	66.1%	45.6%	45.5%	45.5%	43.5%				
Loans & secs imp charges/pre-imp op. profit	18.4%	11.8%	42.4%	n.a.	18.4%	16.4%	35.1%	18.6%	21.1%	25.4%	23.7%	25.9%				
Operating profit/average total assets	2.6%	3.1%	2.0%	n.a.	2.4%	2.6%	2.0%	2.5%	1.8%	1.8%	1.6%	1.6%				
Operating profit/risk weighted assets	3.8%	4.6%	3.2%	n.a.	3.7%	4.1%	1.5%	4.7%	2.3%	2.4%	2.3%	2.2%				
Net income/average total equity	15.7%	19.0%	4.8%	n.a.	15.7%	18.3%	4.8%	10.5%	14.0%	14.2%	13.5%	13.8%				
<b>Capital and Leverage</b>																
Fitch core capital/risk weighted assets	19.6%	21.4%	21.8%	24.3%	20.1%	22.1%	20.2%	22.4%	15.4%	15.7%	14.3%	14.5%				
Fitch eligible capital/risk weighted assets	19.6%	21.4%	21.8%	24.3%	19.6%	22.7%	21.3%	24.3%	14.9%	15.6%	14.3%	14.6%				
Tangible common equity/tangible assets	12.0%	13.6%	12.8%	16.9%	12.9%	13.4%	12.1%	17.2%	11.3%	12.0%	11.5%	11.7%				
Core Tier 1 regulatory capital ratio	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	11.0%	11.2%	11.2%	10.7%				
Internal capital generation	7.4%	10.0%	-2.0%	n.a.	7.9%	10.5%	-1.1%	3.0%	7.9%	7.3%	6.6%	7.1%				
<b>Funding and Liquidity</b>																
Loans/customer deposits	61.9%	66.0%	65.9%	83.7%	59.6%	53.7%	56.8%	83.7%	87.7%	88.6%	88.4%	88.8%				
Interbank assets/interbank liabilities	524.9%	491.8%	252.2%	387.9%	140.2%	374.7%	232.6%	150.6%	112.0%	111.2%	137.7%	122.3%				
Customer deposits/total funding excl derivs	91.7%	91.9%	84.8%	84.1%	91.0%	91.0%	85.6%	87.4%	85.7%	84.6%	84.5%	85.0%				



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