



Tagging Info

## Fitch Affirms 10 Nigerian Banks' Support Ratings on Sovereign Outlook

**Revision** Ratings Endorsement Policy

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Fitch Ratings-London-02 April 2015: Fitch Ratings has affirmed the Support Ratings (SRs) and Support Rating Floors (SRFs) of 10 Nigerian Banks. They are Zenith Bank Plc (Zenith), FBN Holdings Plc (FBNH), First Bank of Nigeria Ltd (FBN), United Bank for Africa Plc (UBA), Guaranty Trust Bank Plc (GTB), Access Bank Plc (Access), Diamond Bank Plc (Diamond), Fidelity Bank Plc (Fidelity), Union Bank of Nigeria Plc (Union) and First City Monument Bank Limited (FCMB).

The rating actions follow Fitch's revision of the Outlook on Nigeria's Long-term Issuer Default Ratings (IDRs) to Negative from Stable (See "Fitch Affirms Nigeria at 'BB-'; Outlook Revised to Negative", dated 30 March 2015 at [fitchratings.com](http://fitchratings.com)).

Fitch has also affirmed the IDRs and National Ratings of six banks, namely FBN, UBA, Diamond, Fidelity, Union and FCMB. The Outlooks on these Long-term IDRs remain Stable. These banks' IDRs and National Ratings are driven by the probability of sovereign support, as indicated by their SRFs.

The National Ratings of Stanbic IBTC Bank Plc (SIBTC) and Stanbic IBTC Holdings Plc (SIBTCH) are unaffected by the sovereign rating action, as their 'AAA(nga)' ratings are based on the support that the bank and the holding company derive from Standard Bank Group Limited (SBG; BBB/Negative).

The Viability Ratings (VRs) of Fitch-rated Nigerian banks are unaffected by the sovereign rating action. Therefore, the IDRs and National Ratings of Zenith, FBNH, GTB and Access are unaffected, as these are driven by the banks' standalone strengths, as indicated by their VRs. Fitch recently reviewed all Nigerian banks' VRs (see 'Fitch Affirms 10 Nigerian Banks on Peer Review; Stable Outlook', dated 23 February 2015).

A full list of rating actions is available at the end of this rating action commentary.

### KEY RATING DRIVERS - IDRS, SUPPORT RATINGS AND SUPPORT RATING FLOORS

The affirmation of the SRs and SRFs reflects Fitch's view that the revised sovereign Outlook does not indicate a material weakening in the ability of the sovereign to support the banking sector. While the ability to support is already constrained, as indicated by the 'BB-' sovereign rating, a potential one-notch downgrade of the sovereign rating would most likely not result in a downward revision of any SRF.

The revision of the Outlook on the sovereign ratings was driven by a number of factors, including heightened political risk in the context of the presidential election, potential transition issues and the Boko Haram insurgency, as well as significantly weaker fiscal and external buffers and deterioration in economic prospects. Offsetting this Nigeria still has low and stable public and external debt ratios for its rating level, and non-oil growth is expected to remain robust. Fitch considers the authorities' willingness to support the Nigerian banks to be high as demonstrated by their recent track record of support.

Fitch assigns SRFs based on each bank's systemic importance. The most systemically important banks in Fitch's view are FBN, Zenith and UBA, which are assigned SRFs of B+'. The other banks have SRFs of 'B'.

FBNH is the holding company of FBN. Its SR of '5' and SRF of 'No Floor' reflect Fitch's view that while the

Nigerian authorities' propensity to support local banks is high, the same level of support would not apply to holding companies.

#### RATING SENSITIVITIES - IDRS, SUPPORT RATINGS AND SUPPORT RATING FLOORS

The ratings and Outlook are sensitive to a prolonged and severe deterioration in fiscal and external buffers or recession that would affect the ability of the Nigerian authorities to provide support, or to changes in their willingness to provide support.

The ratings would also be sensitive to a significant shift in policy, particularly within the Central Bank of Nigeria, following the presidential election.

A one-notch downgrade of the sovereign would most likely not result in a downward revision of any SRF.

#### KEY RATING DRIVERS - NATIONAL RATINGS

The banks' National Ratings are driven by their respective Long-term IDRs and Fitch's opinion of each bank's creditworthiness relative to the best credits in Nigeria.

SIBTC's and SIBTCH's National Ratings are based on the support that the bank and the holding company derive from Standard Bank Group Limited (SBG; BBB/Negative). SBG has a majority 53.2% stake in SIBTCH. The ratings factor in SBG's written commitment in its annual report to support certain banking subsidiaries. Fitch believes that SBG's support would extend equally to the bank and the holding company.

#### RATING SENSITIVITIES - NATIONAL RATINGS

The banks' National Ratings are sensitive to changes in their Long-term IDRs and relative creditworthiness. The National Ratings of SIBTC and SIBTCH are sensitive to a change in the probability of support from their ultimate parent, SBG.

The rating actions are as follows:

#### FBN

Long-term IDR: affirmed at 'B+'; Stable Outlook

Short-term IDR: affirmed at 'B'

National Long-term rating: affirmed at 'A+(nga)'

National Short-term rating: affirmed at 'F1(nga)'

Viability Rating: unaffected at 'b'

Support Rating: affirmed at '4'

Support Rating Floor: affirmed at 'B+'

FBN Finance Company BV's subordinated notes: unaffected at 'B-/RR6'

#### FBNH

Long-term IDR: unaffected at 'B'; Stable Outlook

Short-term IDR: unaffected at 'B'

National Long-term rating: unaffected at 'A(nga)'

National Short-term rating: unaffected at 'F1(nga)'

Viability Rating: unaffected at 'b'

Support Rating: affirmed at '5'

Support Rating Floor: affirmed at 'No Floor'

#### Zenith

Long-term IDR: unaffected at 'B+'; Stable Outlook

Short-term IDR: unaffected at 'B'

National Long-term rating: unaffected at 'AA-(nga)'

National Short-term rating: unaffected at 'F1+(nga)'

Viability Rating: unaffected at 'b+'

Support Rating: affirmed at '4'

Support Rating Floor: affirmed at 'B+'

Global medium term note programme unaffected at 'B+' /RR4/'B'

Senior unsecured notes: unaffected at 'B+' /RR4'

## UBA

Long-term IDR: affirmed at 'B+'; Stable Outlook

Short-term IDR: affirmed at 'B'

National Long-term rating: affirmed at 'A+(nga)'

National Short-term rating: affirmed at 'F1(nga)'

Viability Rating: unaffected at 'b-'

Support Rating: affirmed at '4'

Support Rating Floor: affirmed at 'B+'

## Access

Long-term IDR: unaffected at 'B'; Stable Outlook

Short-term IDR: unaffected at 'B'

National Long-term rating: unaffected at 'A-(nga)'

National Short-term rating: unaffected at 'F2(nga)'

Viability Rating: unaffected at 'b'

Support Rating: affirmed at '4'

Support Rating Floor: affirmed at 'B'

Access Finance BVs senior notes, guaranteed by Access Bank: unaffected at 'B'/RR4'

Subordinated notes: unaffected at 'B-'/RR6'

## GTB

Long-term IDR: unaffected at 'B+'; Stable Outlook

Short-term IDR: unaffected at 'B'

National Long-term rating: unaffected at 'AA-(nga)'

National Short-term rating: unaffected at 'F1+(nga)'

Viability Rating: unaffected at 'b+'

Support Rating: affirmed at '4'

Support Rating Floor: affirmed at 'B'

GTB Finance BVs senior notes, guaranteed by Guaranty Trust Bank: unaffected at 'B+'/RR4'

GTB Finance BVs global medium-term note programme, guaranteed by Guaranty Trust Bank: unaffected at 'B+'/RR4'/B'

## Diamond

Long-term IDR: affirmed at 'B'; Stable Outlook

Short-term IDR: affirmed at 'B'

National Long-term rating: affirmed at 'BBB+(nga)'

National Short-term rating: affirmed at 'F2(nga)'

Viability Rating: unaffected at 'b-'

Support Rating: affirmed at '4'

Support Rating Floor: affirmed at 'B'

Senior unsecured notes: affirmed at 'B'/RR4'

## Union

Long-term IDR: affirmed at 'B'; Stable Outlook

Short-term IDR: affirmed at 'B'

National Long-term rating: affirmed at 'BBB+(nga)'

National Short-term rating: affirmed at 'F2(nga)'

Viability Rating: unaffected at 'b-'

Support Rating: affirmed at '4'

Support Rating Floor: affirmed at 'B'

## Fidelity

Long-term IDR: affirmed at 'B'; Stable Outlook

Short-term IDR: affirmed at 'B'

National Long-term rating: affirmed at 'BBB+(nga)'

National Short-term rating: affirmed at 'F2(nga)'

Viability Rating: unaffected at 'b-'

Support Rating: affirmed at '4'  
Support Rating Floor: affirmed at 'B'  
Senior unsecured notes: affirmed at 'B'/RR4'

#### FCMB

Long-term IDR: affirmed at 'B'; Stable Outlook  
Short-term IDR: affirmed at 'B'  
National Long-term rating: affirmed at 'BBB+(nga)'  
National Short-term rating: affirmed at 'F2(nga)'  
Viability Rating: unaffected at 'b-'  
Support Rating: affirmed at '4'  
Support Rating Floor: affirmed at 'B'

#### SIBTC

National Long-term rating: unaffected at 'AAA(nga)'  
National Short-term rating: unaffected at 'F1+(nga)'

#### SIBTCH

National Long-term rating: unaffected at 'AAA(nga)'  
National Short-term rating: unaffected at 'F1+(nga)'

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Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

Applicable criteria, Global Bank Rating Criteria, dated 20 March 2015 and 'National Scale Ratings Criteria', dated 30 October 2013, are available at [www.fitchratings.com](http://www.fitchratings.com).

Related Research, Fitch Affirms Nigeria at 'BB-'; Outlook Revised to Negative, dated 30 March 2015 is available at [www.fitchratings.com](http://www.fitchratings.com).

**Applicable Criteria and Related Research:**

## Global Bank Rating Criteria

## Additional Disclosure

## Solicitation Status

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