
Fitch has also assigned Standard Bank IBTC Holdings Plc (SIBTCH) a Long-term National Rating of 'AAA(nga)' which is in line with the rating of its 100% owned and primary operating entity, SIBTC.

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

KEY RATING DRIVERS - IDRS
The Long-term IDRs of FBN, UBA, Diamond, Fidelity and Union are driven by Fitch's perception of support available from the Nigerian authorities if required. Zenith, GTB and Access's IDRs are driven by their intrinsic creditworthiness as defined by their Viability Ratings (VR). All the IDRs have Stable Outlooks.

Fitch considers the authorities' willingness to support to be high, but its ability to support is constrained by Nigeria's sovereign IDR of 'BB-'. Support for the banking sector by the Nigerian authorities has been clearly demonstrated, most recently since the 2008/2009 banking crisis. Despite the market volatility and uncertainty created by the suspension of the governor of the Central Bank of Nigeria, the agency does not believe there is any weakening in support for the Fitch-rated banks, which together form 70% of banking sector assets.

Fitch assigns Support Rating Floors (SRF) based on each bank's systemic importance, generally given their size, market share, franchise and importance to the real economy. SRFs are derived from Support Ratings. All the banks (apart from SIBTC) have Support Ratings of '4' which indicates a minimum SRF of 'B'.

In Fitch's view, the most systemically important banks are FBN, Zenith and UBA, which all have SRFs of 'B+'. GTB, Access, Diamond, Fidelity and Union have SRFs one notch lower at 'B'. Due to their institutional ownership, Fitch has not assigned SIBTC or SIBTCH a SRF.

FBNH is the holding company of FBN. Its Support Rating of '5' and SRF of 'No Floor' reflect Fitch's view that while the Nigerian authorities' propensity to support the local banks is high, the same level of support would not apply to holding companies.

RATING SENSITIVITIES - IDRS
The banks' Support Ratings and SRFs are sensitive to a reduction in the level of support Fitch considers would be forthcoming from the Nigerian authorities, either through indications of a reduced willingness to support or the ability to do so. The latter would be signalled by a downgrade of Nigeria's 'BB-' sovereign rating. An upgrade of the Nigerian sovereign rating would not necessarily lead to an upgrade of the banks' Support Ratings or upward revision of the SRFs.

Zenith's IDR would be downgraded if both its VR and its SRF were simultaneously downgraded (both ratings are currently at the same level). The IDRs of GTB, Access and FBNH are linked to their VRs and are therefore not sensitive to any changes in the SRFs. All the other banks' IDRs are linked to their SRFs.
KEY RATING DRIVERS - VR
The VRs indicate highly speculative fundamental credit quality, with no ratings above the 'b' range. This primarily reflects the extremely challenging operating environment in Nigeria, which directly impacts the banks' overall weak financial profiles. Zenith and GTB have higher VRs relative to peers, given their strong company profiles, low risk appetite and sound financial metrics.

Zenith's VR considers its strong franchise, management quality and governance, its conservative risk appetite and healthy capitalisation as well as its strong and resilient performance compared with peers.

GTB's VR considers the bank's company profile, sound profitability, healthy asset quality driven by a low risk appetite, comfortable capitalisation and capable management. Its funding position is acceptable.

FBNH's and FBN's VRs reflect the group's traditionally strong franchise and company profile in Nigeria and regionally, large retail network and its sound financial metrics, including acceptable earnings and profitability, asset quality, capital and liquidity.

UBA's VR reflects its weak, albeit improving, capitalisation. It also considers the bank's strong franchise and company profile, which includes a broad pan-African footprint, as well as acceptable asset quality, financial performance and liquidity.

Access's VR reflects its larger franchise since the Intercontinental Bank acquisition, healthy capitalisation, larger customer deposit base as well as it short track record as a top-tier bank. It also considers the bank's recent weak performance metrics relative to peers. The bank's risk appetite is acceptable.

Diamond's VR reflects its stronger retail business, relatively high risk appetite in Fitch's view, as well as weaker capitalisation, asset quality and liquidity compared with peers. The bank's company profile is acceptable.

Fidelity's VR reflects its mid-tier franchise compared with other rated banks in the sector, weak earnings, high recent levels of loan growth and high loan concentrations. The VR also considers the bank's improved asset quality metrics and sound capital ratios.

Union's VR reflects the bank's weakened franchise and profile since the crisis, its higher exposure to risk, weak earnings and delayed execution of the bank's divesting of subsidiaries and related asset quality problems. The VR also considers the bank's sound liquidity and capital ratios compared with peers.

RATING SENSITIVITIES - VR
There is presently limited upward potential for the banks' VRs outside the 'b' range as they are constrained by the inherent risks in operating in a volatile market.

All of the banks' VRs are sensitive to weaker capital ratios (including the Fitch core capital ratio) either due to fast loan growth or weak internal capital generation. The VRs are also sensitive to any material rise in NPLs from current levels and any weakening in balance sheet liquidity.

Zenith's VR is sensitive to any capital deterioration, possibly through excessive corporate loan growth. A material deterioration in asset quality would also create negative pressure on the VR.

The VRs of FBNH and FBN could be upgraded if the group is successful in its strategic ambition to broaden its franchise and strengthen its revenue generation. This would have to be accompanied by
a sustained period of healthy internal capital generation, sound asset quality and the maintenance of strong balance sheet metrics. Although not expected, negative pressure on the VRs could arise from earnings pressure combined with material asset quality deterioration, or from weaker capitalisation, for example through excessive dividend payments.

An upgrade of UBA’s VR could result from a continued improvement in capitalisation, as primarily measured by its Fitch core capital ratio. This would also have to be accompanied by low credit losses through the cycle, resilient profitability and manageable growth.

GTB's VR is sensitive to loan concentrations as several large corporate defaults could significantly erode the bank's capital base. Asset quality could also be put under pressure by the bank's increasing operations outside of Nigeria, particularly in East Africa.

Access’s VR has some upside potential if its franchise continues to strengthen and it can demonstrate consistently healthy financial metrics, specifically strong capitalisation, liquidity and asset quality. The rating could be downgraded if there is further pressure on balance sheet liquidity or if Access does not improve on its 2013 performance. The rating is also sensitive to lower capitalisation from current levels and materially worse asset quality arising from fast growth over the past three years.

An upgrade of Diamond's VR is unlikely at present. In the longer term it could follow from a significant improvement in capitalisation combined with less aggressive growth and improved financial metrics.

Fidelity's VR currently has limited upside potential. It could be upgraded if the franchise improves, leading to stronger and more resilient financial metrics.

Union's VR has limited potential for an upgrade at present. Over time, it could come from the successful restructuring of the bank, leading to an improving and resilient financial profile. It remains sensitive to any further material worsening in asset quality due to previously unrecognised problems, particularly from its weak subsidiaries.

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 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/Stable). 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 potential support from their ultimate parent, SBG.

Credit updates and Full Rating Reports on each of the individual banks will shortly be available at www.fitchratings.com.

The rating actions are as follows:

FBN
Long-term foreign currency IDR: affirmed at 'B+'. Stable Outlook
Short-term foreign currency IDR: affirmed at 'B'
National Long-term rating: affirmed at 'A+(nga)'
National Short-term rating: affirmed at 'F1(nga)'
Viability Rating: affirmed at 'b'
Support Rating: affirmed at '4'
Support Rating Floor: affirmed at 'B+'
FBN Finance Company BV's subordinated notes: affirmed at 'B-', assigned 'RR6'

FBNH
Long-term foreign currency IDR: affirmed at 'B'. Stable Outlook
Short-term foreign currency IDR: affirmed at 'B'
National Long-term rating: affirmed at 'A(nga)'
National Short-term rating: affirmed at 'F1(nga)'
Viability Rating: affirmed at 'b'
Support Rating: affirmed at '5'
Support Rating Floor: affirmed at 'NF'

Zenith
Long-term foreign currency IDR: affirmed at 'B+'. Stable Outlook
Short-term foreign currency IDR: affirmed at 'B'
National Long-term rating: affirmed at 'A+(nga)'
National Short-term rating: affirmed at 'F1+(nga)'
Viability Rating: affirmed at 'b+'
Support Rating: affirmed at '4'
Support Rating Floor: affirmed at 'B+'

UBA
Long-term foreign currency IDR: affirmed at 'B+'. Stable Outlook
Short-term foreign currency IDR: affirmed at 'B'
National Long-term rating: affirmed at 'A+(nga)'
National Short-term rating: affirmed at 'F1+(nga)'
Viability Rating: affirmed at 'b-'
Support Rating: affirmed at '4'
Support Rating Floor: affirmed at 'B+'

Access
Long-term foreign currency IDR: affirmed at 'B'. Stable Outlook
Short-term foreign currency IDR: affirmed at 'B'
National Long-term rating: affirmed at 'A-(nga)'
National Short-term rating: affirmed at 'F2(nga)'
Viability Rating: affirmed at 'b'
Support Rating: affirmed at '4'
Support Rating Floor: affirmed at 'B'
Access Finance BV's senior notes, guaranteed by Access Bank: affirmed at 'B', 'RR4'

GTB
Long-term foreign currency IDR: affirmed at 'B+'. Stable Outlook
Short-term foreign currency IDR: affirmed at 'B'
National Long-term rating: affirmed at 'AA-(nga)'
National Short-term rating: affirmed at 'F1+(nga)'
Viability Rating: affirmed at 'b+'
Support Rating: affirmed at '4'
Support Rating Floor: affirmed at 'B'
GTB Finance BV's senior notes, guaranteed by Guaranty Trust Bank: affirmed at 'B+', 'RR4'
GTB Finance BV's Global Medium-term Note Programme, guaranteed by Guaranty Trust Bank:
Long-term Rating affirmed at 'B+', 'RR4' and Short-term Rating at 'B'

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

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

Fidelity
Long-term foreign currency IDR: affirmed at 'B'. Stable Outlook
Short-term foreign currency IDR: affirmed at 'B'
National Long-term rating: affirmed at 'BBB+(nga)'
National Short-term rating: affirmed at 'F2(nga)'
Viability Rating: affirmed at 'b-'
Support Rating: affirmed at '4'
Support Rating Floor: affirmed at 'B'
Senior unsecured notes: affirmed at 'B'/RR4'

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

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

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Applicable Criteria and Related Research:
Global Financial Institutions Rating Criteria

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