Research Update:

First Bank of Nigeria And First HoldCo Affirmed At 'B-/B'; Outlook Stable; First Bank National Scale Ratings Raised

July 31, 2026

Overview

- First Bank of Nigeria Ltd. (FirstBank) and First HoldCo PLC (First HoldCo) have successfully remediated the regulatory capital shortfall reported as of Dec. 31, 2025, reaching a capital adequacy ratio on June 30, 2026, at 170 basis points above the regulatory minimum of 15%.
- We anticipate the bank will maintain sufficient buffers above regulatory thresholds while management implements initiatives to reduce its weaker-than-peers' asset quality metrics and support business growth aspirations.
- We therefore affirmed our 'B-/B' global scale ratings on the operating entity, FirstBank, and nonoperating holding company, First HoldCo.
- The stable outlook balances improved capitalization and the favorable operating environment in Nigeria with challenges in improving asset quality more in line with peers'.
- We also raised the long- and short-term national scale ratings on FirstBank to 'ngBBB/ngA-2' from 'ngBBB-/ngA-3' and affirmed the 'ngBBB-/ngA-3' national scale ratings on First HoldCo.

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Rating Action

On July 31, 2026, S&P Global Ratings affirmed its 'B-/B' long- and short-term global scale ratings on First Bank of Nigeria Ltd. (FirstBank) and First HoldCo PLC. We removed the ratings from negative CreditWatch, where we placed them on May 27, 2026. The outlook is stable.

At the same time, we raised the long- and short-term Nigeria national scale ratings on FirstBank to 'ngBBB/ngA-2' from 'ngBBB-/ngA-3' and affirmed the 'ngBBB-/ngA-3' Nigeria national scale ratings on First HoldCo.

Rationale

On June 30, 2026, FirstBank Group delivered significant profitability rebound and bolstered its capital reserves to restore compliance with minimum regulatory requirements. Due to a combination of Nigerian naira (NGN) 526 billion retained earnings and NGN45 billion capital injection by First HoldCo, FirstBank's capital adequacy ratio (CAR) reached 16.7% as of June 30, 2026 (versus 7.57% as of Dec. 31, 2025), and First Holdco's CAR estimated at above 15% (versus 10.95% as of Dec. 31, 2025). FirstBank and First HoldCo's capitalization deteriorated below the regulatory level of 15% in 2025, due to higher loan loss provisions required by regulators on nonperforming oil and gas sector exposures, resulting in regulatory capital forbearance (see "First Bank Of Nigeria Ltd. And First HoldCo Plc Ratings Placed On CreditWatch Negative," May 27, 2026). We expect non-performing loans (NPLs) to trend downward from the current 13.9%, stabilizing at 7%-8% in 2028.

We view the group's ongoing capital enhancement strategy to upsize paid-up capital in FirstBank as a positive factor to the credit profile because it bolsters capital resilience and strengthens the balance sheet's capacity to support core earning assets growth aspirations. We expect the risk-adjusted capital (RAC) ratio to benefit from execution of disciplined capital management, which could result in a RAC ratio at 2.7%-3.0% in the forecast horizon through 2028.

The group's asset quality metrics remain weaker than peers' and a source of downside risk. The bank's NPL ratio increased further to 13.9% in June 2026 from 12.2% as of Dec. 31, 2025 (end-2024: 10.2%). This was largely due to the end of forbearance, as well as the classification of few large exposures. We expect the NPL ratio to remain elevated in 2026 at about 11.5%, but we anticipate the cost of risk will gradually decline to about 2.5% in 2026 compared with 8.6% as of Dec. 31, 2025. This is because the bank significantly increased provisions for NPLs. The low coverage ratio at 37% under International Financial Reporting Standards is complemented by the regulatory risk reserve provisions, thus improving the coverage to a more comfortable 78.6% in June 2026. However, the bank has higher-than-peers' single-name and single-sector concentrations in its loan book, which amplifies the risk to asset quality and capital. The bank continues to have highly concentrated exposures to large single names and single sectors relative to its gross loans and advances as of end-2025, with NPLs accounting for 64% of its total adjusted capital, while oil and gas loans accounted for 45.7% of the loan book and 210% of total adjusted capital. FirstBank still faces structural issues that, in our opinion, will take time to resolve before risk tolerance evolves, asset quality metrics improve, and portfolio loss experience converges to the lower levels observed at domestic peers.

Outlook

First Bank of Nigeria Ltd.

The stable outlook on FirstBank balances better capitalization and the favorable operating environment in Nigeria with challenges in improving asset quality more in line with peers' over the next 12 months.

First Holdco PLC

The stable outlook on First HoldCo reflects the expectations that the group will maintain its improved capitalization and the structural subordination of its creditors to those of First Bank. We currently do not deduct any notches for structural subordination from the 'b-' group credit profile because the entity does not depend on favorable market conditions to continue operating

Downside scenario

A sustained deterioration in asset quality metrics leading to capital erosion, could lead to a negative rating action on FirstBank.

We would lower our ratings on First HoldCo if we lowered our ratings on FirstBank.

Upside scenario

We could Upgrade FirstBank if it successfully works out nonperforming assets to improve asset quality metrics, while sustaining adequate capital buffers with the RAC ratio sustainably above 3%. A sustained improvement in the macroeconomic environment could contribute to positive rating action.

A positive rating action on FirstBank will not lead to a similar action on First HoldCo. We are unlikely to raise our ratings on the non-operating holding company because of the structural subordination compared with the operating bank.

Rating Component Scores

Rating Component Scores

Issuer Credit Rating	B-/Stable/B
SACP	b-
Anchor	b
Business position	Strong (1)
Capital and earnings	Weak (-1)
Risk position	Moderate (-1)
Funding and liquidity	Strong and Adequate (0)
Comparable ratings analysis	0
Support	0
ALAC support	0
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

Related Criteria

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, May 5, 2026
- General Criteria: Hybrid Capital: Methodology And Assumptions, Oct. 13, 2025
- General Criteria: National And Regional Scale Credit Ratings Methodology, June 8, 2023
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021

- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Bank Brief: Nigerian Banks Should Manage The End Of Forbearance Measures Well, Sept. 5, 2025
- Research Update: Nigeria Ratings Affirmed At 'B-/B'; Outlook Remains Stable, May 16, 2025
- Nigerian Banking Outlook 2025: Resilient Performance Amid Macroeconomic Pressures, Jan. 23, 2025
- Banking Industry Country Risk Assessment: Nigeria, Dec. 13, 2024

Ratings List

Ratings List		
Ratings Affirmed; Outlook Action		
	To	**From**
First Holdco PLC		
First Bank of Nigeria Ltd.		
Issuer Credit Rating	B-/Stable/B	B-/Watch Neg/B
Foreign Currency	B-/Stable/B	B-/Watch Neg/B
Upgraded		
	To	**From**
First Bank of Nigeria Ltd.		
Issuer Credit Rating		
Nigeria National Scale	ngBBB/--/ngA-2	ngBBB-/--/ngA-3
Ratings Affirmed		
First Holdco PLC		
Issuer Credit Rating		
Nigeria National Scale	ngBBB-/--/ngA-3	

Regulatory Disclosures

Primary credit analyst(s):

- First Bank of Nigeria Ltd: Prayer Rikhotso, Associate Director
- First HoldCo PLC: Prayer Rikhotso, Associate Director
- Rating Committee Chairperson: Regina Argenio, Director

Date initial rating assigned:

- First Bank of Nigeria Ltd: June 11, 2013
- First HoldCo Plc: June 11, 2013

Date of previous review:

- First Bank of Nigeria Ltd: May. 27, 2026
- First HoldCo Plc: May. 27, 2026

Disclaimers

This rating has been determined by a rating committee based solely on the committee's independent evaluation of the credit risks and merits of the issuer or issue being rated in accordance with S&P Global Ratings published criteria and no part of this rating was influenced by any other business activities of S&P Global Ratings.

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Materials used in the credit rating process: Sufficient information in general consists of both (i) financial statements that describe the Issuer's financial condition, results of operations and cash-flows, and (ii) a description of the activities and obligations of the entity including of its governance and legal structure.

This credit rating was disclosed to the rated entity or related third party before being issued.

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Glossary

- Anchor: The starting point for assigning a bank a long-term rating, based on economic and industry risk.
- Cost of risk: As a percentage of total loans, the charge for bad and doubtful debts.
- 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.
- Date initial rating assigned: The date S&P Global Ratings assigned the long-term foreign currency issuer credit rating on the entity.

- Date of previous review: The date S&P Global Ratings last reviewed the credit rating on the entity
- Earning capacity: The capacity of a bank to generate sufficient earnings against losses and the primary way that a bank builds or maintains its capitalization.
- 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).
- 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.
- Operating revenues: Net interest income, plus operating noninterest income (mainly includes fees and commissions and trading gains).
- 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.
- 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.

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