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**Renaissance**  
Capital  
Africa

# Nigerian Banks

## Credit Outlook

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2 June 2026

# Reforms Support Macroeconomic Stability

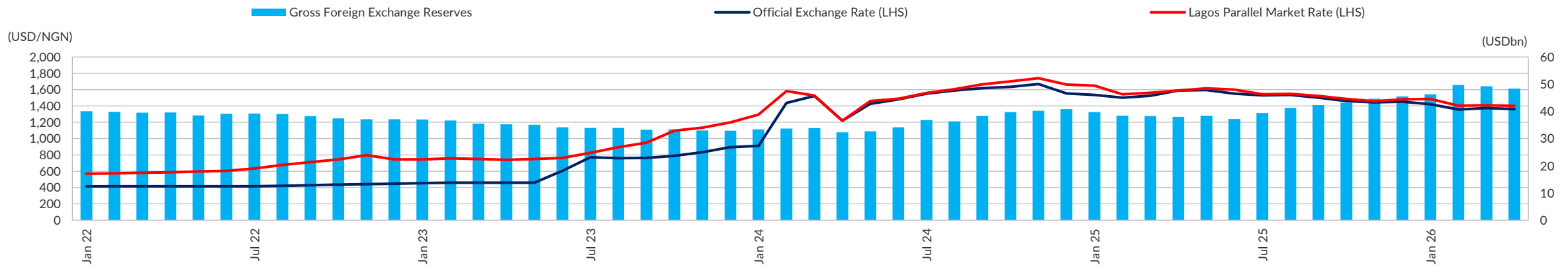
## Naira liberalisation bearing fruit

- Greater naira stability and FX market turnover
- CBN rebuilding international reserves
- Banking sector's foreign-currency liquidity has improved

## Inflationary pressures remain

- Inflation was trending down
- Iran conflict and election spending pose upside risks
- High oil prices to boost external receipts

### Exchange Rate and FX Reserves



Source: Fitch Ratings, Haver, Central Bank of Nigeria

# New Paid-In Capital Requirements Met

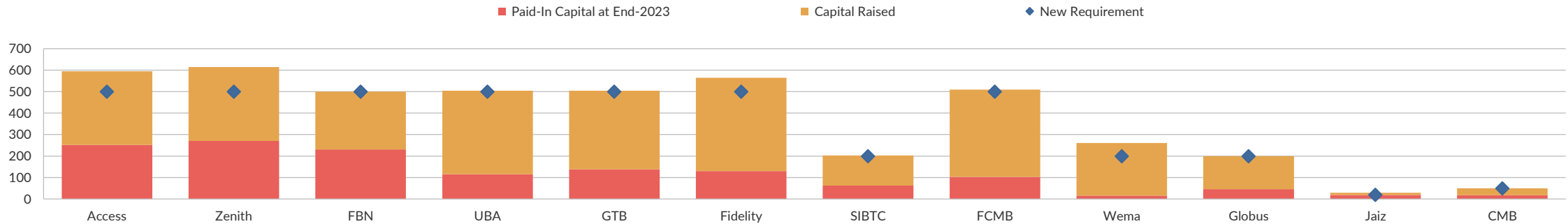
## New requirements announced in March 2024

- Apply only to paid-in capital and effective at end-1Q26
- Unable to convert retained earnings or other reserves
- Only core capital injections, M&A and licence downgrades

## Almost all banks have complied

- CBN announced that 33 banks have complied
- New requirements resulted in barely any M&A activity
- Core capital raisings across the banking sector

**Paid-In Capital**  
NGN billions



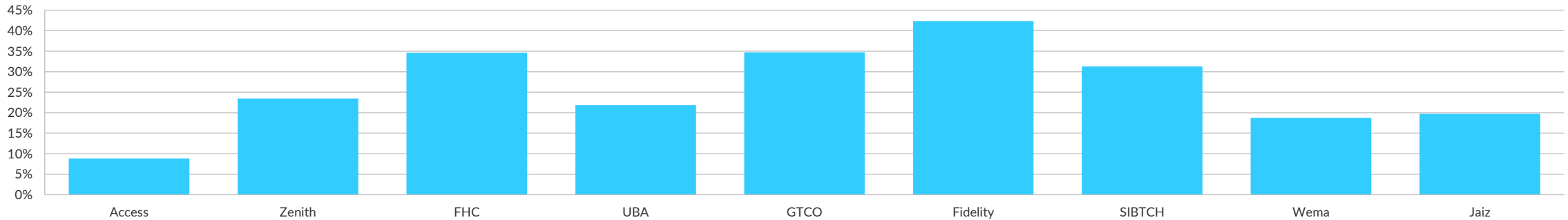
Fitch estimates apply.  
Source: Fitch Ratings, Fitch Solutions, Banks

# Longstanding Forbearance Withdrawn

## Regulatory forbearance provided since pandemic

- Non-performing borrowers were classified as Stage 2
- Problem loans were concentrated in the oil and gas sector
- Single-obligor limit breaches were waived
- CBN withdrew these forbearance measures at end-1H25

Oil and Gas Loans / Gross Loans  
End-2025



Calculated on a net basis for UBA and GTCO. FCMB, Globus and CMB omitted due to data limitations.  
Source: Fitch Ratings, Fitch Solutions, Banks

# Higher Impaired Loans Ratios

## Forbearance withdrawal increases impaired loans

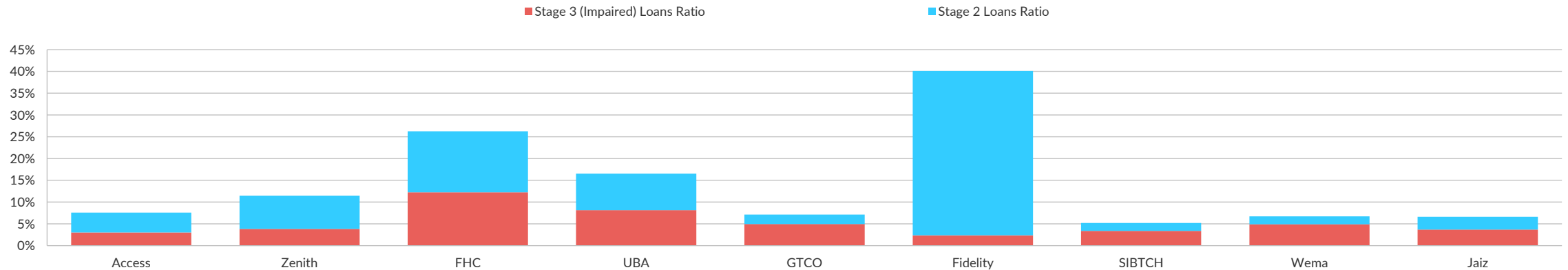
- Most forbearance loans have been restructured
- Some Stage 2 loans were reclassified as impaired
- Downstream loans were affected by unsettled FX forwards

## Problem loans ratios have peaked

- Remaining Stage 2 loans not expected to become impaired
- Higher oil prices provide tailwind to loan quality
- Some Stage 2 loans will migrate to Stage 1

### Problem Loans

End-2025



FCMB, Globus and CMB omitted due to data limitations.

Source: Fitch Ratings, Fitch Solutions, Banks

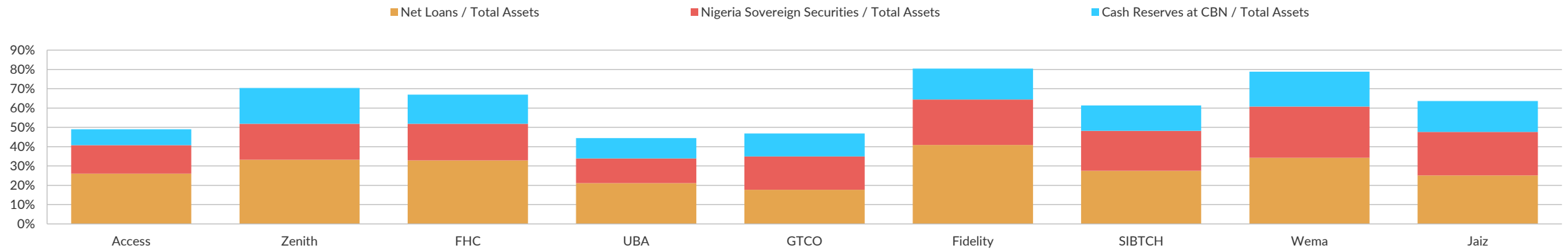
# High Sovereign Exposure

## Sovereign exposure conditions overall asset quality

- Small loan books
- Large holdings of fixed-income securities
- High unremunerated cash reserves at CBN

### Total Assets Composition

End-2025



FCMB, Globus and CMB omitted due to data limitations.

Source: Fitch Ratings, Fitch Solutions, Banks

# CARs Resilient to Forbearance Withdrawal

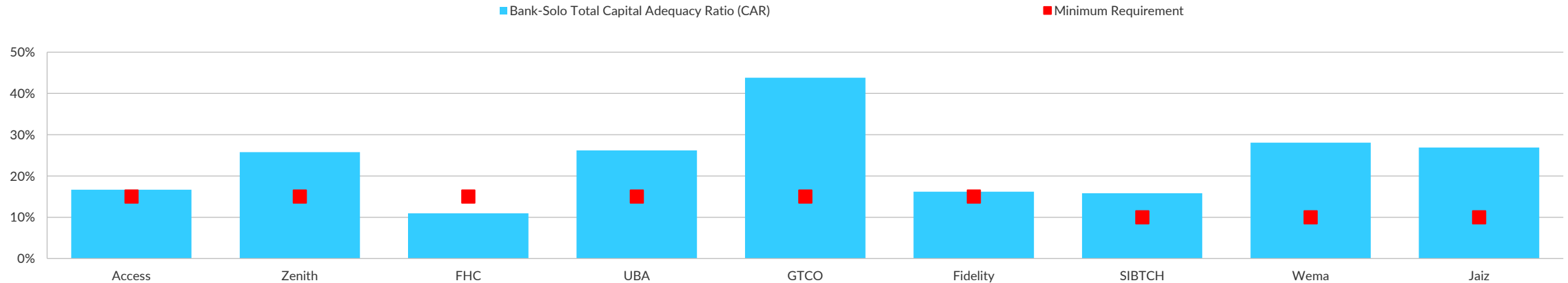
## Forbearance impact offset by capital raisings

- Provisions increase on higher impaired loans
- Prudential provisions disregard collateral
- Deductions in respect of single-obligor limit breaches
- Most banks have CARs exceeding 20%

## Tight buffers at two large banks

- First Bank of Nigeria has breached its CAR requirement of 15%
- Expected to restore compliance in the coming months
- Access Bank's USD500 million AT1 is callable in October 2026
- Calling AT1 would leave a tight buffer over 15% CAR requirement

Bank-Solo CARs  
End-2025



Bank holding company consolidated data presented for FHC and GTCO. Fidelity Bank concluded a capital raising in 1Q26. FCMB, Globus and CMB omitted due to data limitations.  
Source: Fitch Ratings, Fitch Solutions, Banks

# Loan Growth to Accelerate

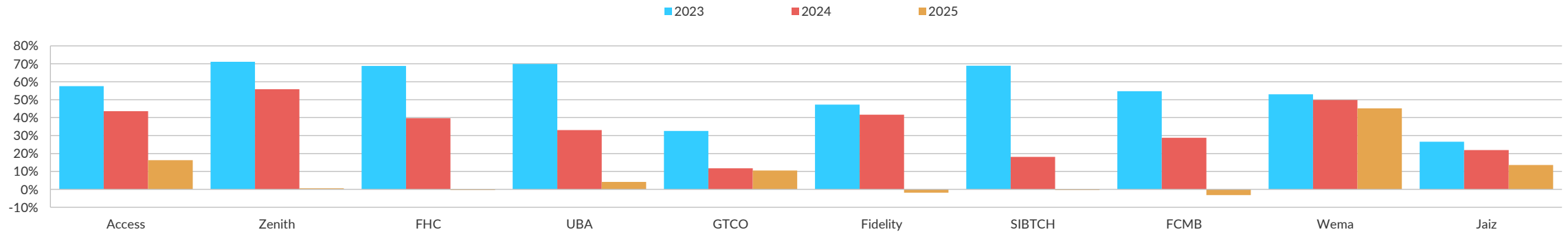
## Loan growth declined sharply in 2025

- Growth in 2023 and 2024 influenced by devaluation
- Nominal loan growth slumped to 2% in 2025
- Economic and regulatory constraints on loan growth

## Loan growth to increase to about 20%

- Economic and regulatory constraints remain
- Lower credit demand in pre-election year
- Higher oil revenues to accelerate repayments
- Most CARs to remain above 20% at end-2026

Growth of Gross Loans



Globus and CMB omitted due to data limitations.  
Source: Fitch Ratings, Fitch Solutions, Banks

# Increasing Geographical Diversification

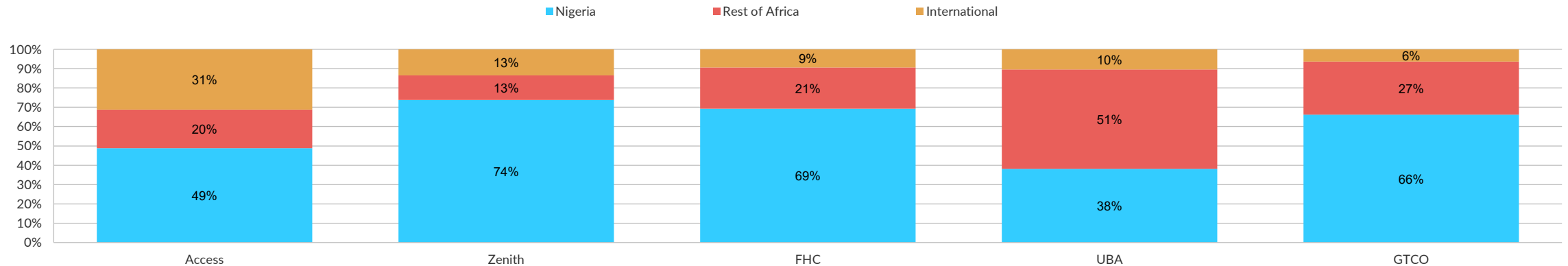
## Five largest banks have sizeable foreign operations

- Differing contributions of subsidiaries across rest of Africa
- UBA and Access Bank have the largest foreign operations
- Access Bank's AfrAsia acquisition strengthens asset quality
- Access Bank to sell minority stakes to cure limit breach

## Foreign operations to increase

- Fresh capital raised to support growth in new and existing markets
- Fidelity Bank and FCMB to leverage their international licences

Geographical Breakdown of Total Assets  
End-2025



Source: Fitch Ratings, Fitch Solutions, Banks

# Profitability to Recover Following Forbearance Withdrawal

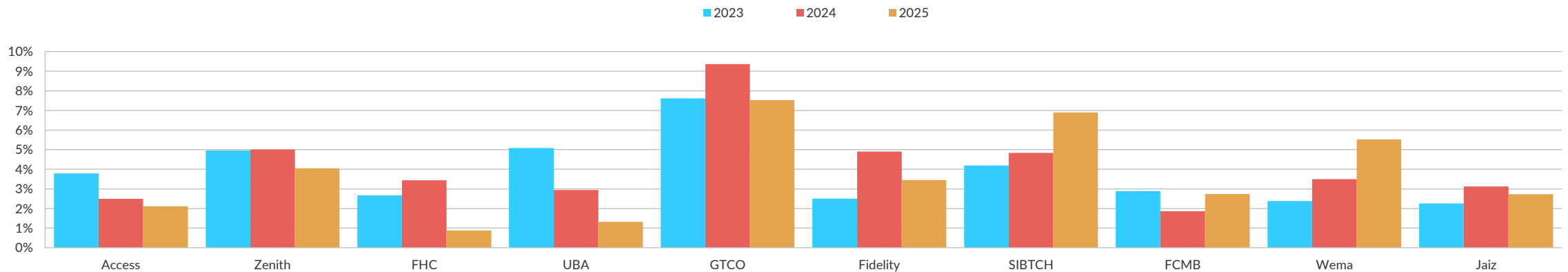
## Profitability weakens in 2025

- FX revaluation gains flattered performance in 2023 – 2024
- Sharp increase in provisions accompanies forbearance withdrawal
- Fair value losses on cross-currency interest rate swaps

## But will increase slightly in 2026

- Lower provisioning as forbearance charges have been taken
- Net interest margins to remain broadly stable
- Cash reserves and regulatory expenses remain large constraints

Operating Profit / Average Total Assets



Globus and CMB omitted due to data limitations.  
Source: Fitch Ratings, Fitch Solutions, Banks

# Sustained Improvement in Foreign-Currency Liquidity

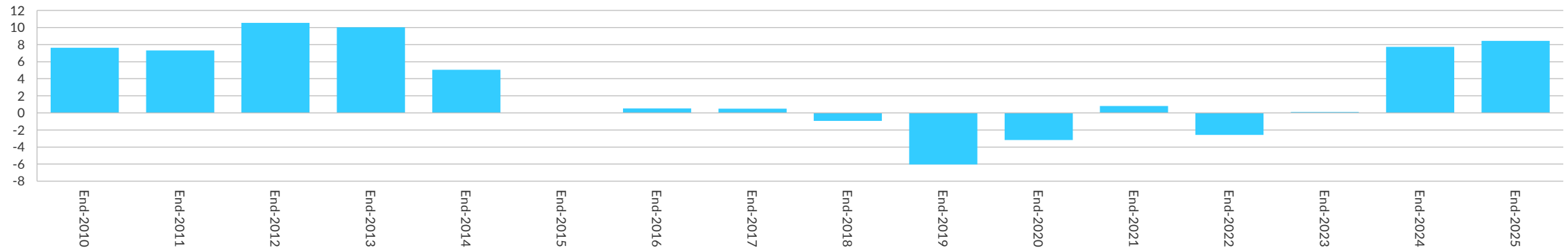
## Naira liberalisation benefits the banking sector

- Higher foreign-currency inflows and FX market turnover
- CBN has settled a large proportion of FX swaps with banks
- Banks have repaid expensive external debt
- Banking sector has sustained net foreign asset position

## Eurobonds coming due

- FBN and Ecobank Nigeria redeemed without refinancing
- Expect UBA and Fidelity Bank to do the same
- Access Bank has a large stock of foreign-currency liquid assets but may opt to part refinance its USD1 billion of Eurobonds

Net Foreign Assets  
USD billions



Source: Fitch Ratings, Fitch Solutions, Central Bank of Nigeria

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