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United Bank for Africa Plc

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United Bank for Africa Plc

SACP	b
Anchor	b	
Business Position	Adequate	0
Capital and Earnings	Moderate	0
Risk Position	Adequate	0
Funding	Above Average	0
Liquidity	Adequate	

\+

Support	0
ALAC Support	0
GRE Support	0
Group Support	0
Sovereign Support	0

\+

Additional Factors	0

Issuer Credit Rating
B/Stable/B

Major Rating Factors

Strengths:	Weaknesses:
• Large customer franchise in Nigeria and good geographic footprint in the rest of Africa. • Better-than-average asset-quality metrics compared with top-rated domestic peers.	• Moderately high single-name obligor concentration. • High operating risk. • Large foreign currency exposures.

Outlook: Stable

S&P Global Ratings' stable outlook on Nigeria-based United Bank for Africa Plc (UBA) reflects that on Nigeria (B/Stable/B) and our expectation that the group's financial profile will remain broadly stable in the next 12 months.

We would lower the ratings on UBA if we lowered the rating on Nigeria or observed a higher-than-expected deterioration in the group's asset-quality indicators over the next 12 months. We would also lower the ratings on UBA in the unlikely scenario of a significant drop in capitalization, leading to a risk-adjusted capital (RAC) ratio (before adjustments for diversification) below 3%.

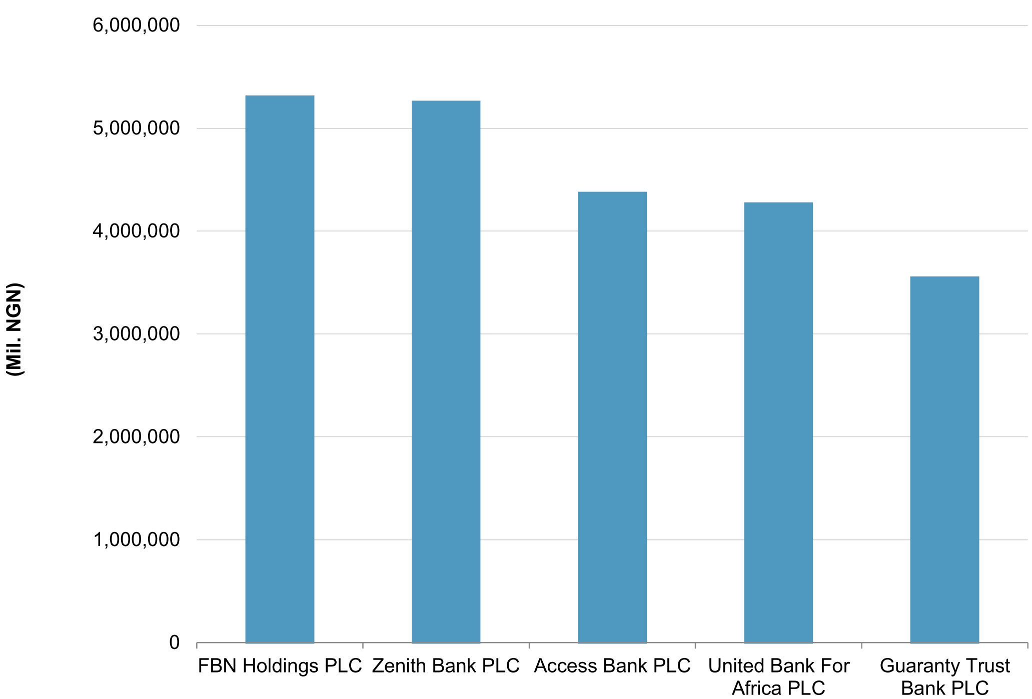
An upgrade is unlikely in the next 12 months because it would hinge on an upgrade of the sovereign and a decline in the economic risks faced by the Nigerian banking sector.

Rationale

The ratings on UBA reflect the group's 'b' stand-alone credit profile (SACP). In our assessment of the SACP, we consider UBA's top-tier competitive position in the Nigerian banking sector, benefits from a good franchise in the corporate and retail segments in Nigeria, and increasing geographic diversification. Despite a challenging operating environment in Nigeria, we believe that UBA's revenue stability, profitability, and asset-quality trends compare well against those of domestic peers. We expect the group will maintain stable asset quality, with cost of risk of around 1.0%-1.3% and nonperforming loans (NPLs; loans overdue by 90 days or more) of 6%-7% in the next 12-18 months. Our view of capital and earnings are a neutral factor for the rating. That said, we estimate our RAC ratio will be around 5.3%-5.5% over the next 12-18 months on the back of good earnings capacity. Similar to domestic peers, UBA runs a significant asset-liability mismatch. However, we consider the bank's funding profile stable and supported by relatively low-cost customer deposits and high balance sheet liquidity.

Chart 1

Five-Largest Nigerian Banks By Total Assets (June 2018)



NGN--Nigerian naira. Source: Banks' financial statements.

Anchor: 'b' for banks operating only in Nigeria.

We use our Banking Industry Country Risk Assessment (BICRA) economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. Our anchor for a commercial bank operating in

Nigeria is 'b', based on an economic risk score of '10' and an industry risk score of '9'.

Following years of heightened risks, operating conditions for the Nigerian banking sector are improving thanks to gradual economic recovery, rising oil prices, and an increasing U.S. dollar supply in the banking system. We consider the Nigerian banking sector to still in a correction phase, and project slow economic recovery with real GDP growth of 2.4% in 2018. We also anticipate muted nominal credit growth (excluding the impact of depreciation) in 2018 of 8%. The sector's asset quality and profitability will likely improve only gradually, with top-tier banks faring better than the sector average. Similar to 2017, we believe that credit losses will remain high at around 3%-4% in 2018.

We consider regulatory oversight weak compared with international standards, but acknowledge the Central Bank of Nigeria's (CBN's) efforts to strengthen the sector's stability. In addition, the CBN has restricted banks from distributing dividends if their NPL ratio exceeds the 5% regulatory limit. We may see some banks convert their banking license to a national one to meet the lower minimum capital adequacy ratio. Positively, the majority of banks have overcome their short-term liquidity challenges. That said, Nigeria still operates multiple exchange rates, and we expect a convergence of these rates by the end of 2018.

Table 1

United Bank for Africa Plc Key Figures					
		--Year-ended Dec. 31--			
(000s NGN)	**2018***	**2017**	**2016**	**2015**	**2014**
Adjusted assets	4,250,802,000	4,052,583,000	3,490,109,000	2,741,253,000	2,753,143,000
Customer loans (gross)	1,655,837,000	1,708,905,000	1,555,729,000	1,062,419,000	1,095,372,000
Adjusted common equity	377,814,116	404,913,376	331,707,000	263,002,000	201,783,000
Operating revenues	326,769,000	326,748,000	270,826,000	210,133,000	189,069,000
Noninterest expenses	102,928,000	187,103,000	151,248,000	135,554,000	128,951,000
Core earnings	80,097,000	80,081,321	73,517,000	60,726,000	48,642,000

*Data as of June 30. NGN--Nigerian naira.

Business position: Leading position in Nigeria with a large geographic footprint in Africa

Our view of the business position reflects the group's increasing revenues and market share across its core markets and integrated business model, alongside increasing diversification across African markets. It also reflects overall stability and predictability of earnings. The group's strategy is based on Africa's fast developing economies and under-banked population. UBA is registered in Nigeria and is the parent company of all operating subsidiaries, which are regulated in their respective domestic markets.

UBA operates in 23 countries, 20 of which are in Africa. The group also has offices in the U.S., France, and the U.K. In Africa, UBA's main presence is in West Africa and particularly Nigeria, while the group is also operational in several Eastern and Central African countries. Its revenue mix relies mainly on corporate, retail, and commercial banking, which we expect will continue to contribute about 90% of total revenues in 2018.

In Nigeria, UBA is the third-largest bank within the system by assets and deposits, and has a good level of profitability compared with peers (see chart 1 above).

A long history underpins the group's reputation in the market and the bank's stability. As a result, we expect the group's long-term customer relationships to support its future earnings growth and solidify its business position in Nigeria. The vast majority of the group's business is within Nigeria, accounting for around 71% and 66% of group assets and earnings, respectively, as of Dec. 31, 2017, while the rest of Africa and rest of the world accounted for 29% and 34% of total assets and earnings, respectively. The group targets 50% of revenues outside of Nigeria in the next few years. That said, we also remain conscious that the group's overall geographic footprint reflects a generally high-risk operating environment.

The group's franchise is one of the largest among domestic peers , and was built through a series of mergers and acquisitions, since it merged with Standard Trust Bank in 2005. These have included acquiring failing banks in Nigeria prior to 2007 and majority interests in banks based abroad in Burkina Faso and Benin. The group has expanded its brand into the central and eastern parts of the continent, opening subsidiaries in Kenya and Cameroon. Most recently, the group established operations in Mali, with the aim of leveraging trade transactions across the region. As of June 30, 2018, UBA's largest subsidiary outside Nigeria by assets was UBA Ghana, accounting for 5.1% of group assets, while the second-largest was UBA Burkina Faso, contributing 4.6% to total group assets. The five-largest entities outside Nigeria accounted for 19.8% of total assets as of the same date.

The group's management team has a clear focus on improving efficiency across the platform and maximizing revenues through trade flows. The group is listed on the Nigerian Stock Exchange, and we consider that the group operates with adequate transparency.

Table 2

United Bank for Africa Plc Business Position

		--Year-ended Dec. 31--			
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
Total revenues from business line (000' NGN)	168,576,000	326,769,000	270,826,000	210,133,000	189,069,000
Commercial banking/total revenues from business line	34.3	37.0	30.0	21.6	40.6
Trading and sales income/total revenues from business line	45.1	26.8	25.0	35.6	32.0
Investment banking/total revenues from business line	45.1	26.8	25.0	35.6	32.0
Return on average common equity	17.1	16.1	18.2	20.0	19.3

*Data as of June 30. NGN--Nigeria naira.

Capital and earnings: Capital position supported by good earnings generation

The group's capital position is supported by good earnings generation. We expect UBA's RAC ratio before diversification to range between 5.3% and 5.5% over through 2018-2019 (versus 5.2% for year-end 2017). UBA's capital adequacy ratio stood at 23% as of June 30, 2018, well above the regulatory minimum of 15%, and we expect it will remain around this level through 2018. The bank's capitalization was supported by robust earnings retention over the past four years, a rights issue of Nigerian naira (NGN)11.5 billion (about $57.8 million) in 2015, and earnings in foreign currency that mitigated the naira depreciation.

In our base case, we assume a combination of:

- Average annual loan growth of about 5% through 2019.
- Stable net interest margins, since we do not foresee major shifts in interest rates over our forecast horizon.

- NPLs of around 6%-7%, with coverage by provisions above 100%, and a cost of risk around 1.0%-1.3%.
- Cost to income of around 62%.
- International Financial Reporting Standard (IFRS) 9 implementation deduction of NGN48.6 billion from equity.
- A dividend payout ratio around 30% of around NGN24 billion.

We calculate the UBA's earnings buffer at 0.7%-0.8% of risk-weighted assets, which means that we expect the bank's earnings to cover normalized losses. The quality of UBA's capital and earnings is good and compares adequately with that of domestic rated peers. UBA's adjusted common equity comprises 100% of total adjusted capital (TAC). We expect net interest income will account for about 70%-73% of operating revenues in 2018 and 2019, while fees and commission account for about 22% of total revenues at the same period.

Table 3

United Bank for Africa Plc Capital And Earnings

	--Year-ended Dec. 31--				
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
Tier 1 capital ratio	18.4	17.2	16.1	16.0	13.0
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	65.9	63.5	61.0	65.6	56.1
Fee income/operating revenues	19.3	20.2	21.9	25.4	25.4
Market-sensitive income/operating revenues	12.1	15.0	16.2	7.6	17.2
Noninterest expenses/operating revenues	61.1	57.3	55.8	64.5	68.2
Preprovision operating income/average assets	3.1	3.7	3.8	2.7	2.2
Core earnings/average managed assets	2.1	2.1	2.3	2.2	1.8

*Data as of June 30. N/A--Not applicable. RAC--Risk-adjusted capital.

Table 4

United Bank for Africa Plc Risk-Adjusted Capital Framework Data

(Mil. NGN)	**Exposure***	**Basel III RWA**	**Average Basel III RW (%)**	**S&P Global Ratings' RWA**	**Average S&P Global Ratings' RW (%)**
Credit risk					
Government and central banks	2,031,240	231,437	11	2,295,346	113
Of which regional governments and local authorities	0	0	0	0	0
Institutions and CCPs	381,354	231,437	61	491,319	129
Corporate	1,781,170	462,875	26	3,459,667	194
Retail	101,978	0	0	138,511	136
Of which mortgage	0	0	0	0	0
Securitization§	0	0	0	0	0
Other assets†	158,125	0	0	533,955	338
Total credit risk	4,453,867	925,749	21	6,918,797	155
Credit valuation adjustment					
Total credit valuation adjustment	--	0	--	0	--

Table 4

United Bank for Africa Plc Risk-Adjusted Capital Framework Data (cont.)

Market risk					
Equity in the banking book	20,119	0	0	221,981	1,103
Trading book market risk	--	31,933	--	89,812	--
Total market risk	--	31,933	--	311,793	--
Operational risk					
Total operational risk	--	307,405	--	612,653	--
		Basel III RWA		**S&P Global Ratings' RWA**	**% of S&P Global Ratings' RWA**
Diversification adjustments					
RWA before diversification		1,265,087		7,843,242	100
Total Diversification/Concentration Adjustments		--		2,687,213	34
RWA after diversification		1,265,087		10,530,456	134
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings' RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		217,215	17.2	404,913	5.2
Capital ratio after adjustments‡		217,215	17.2	404,913	3.8

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Other assets includes Deferred Tax Assets (DTAs) not deducted from ACE. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. NGN--Nigerian naira. Sources: Company data as of Dec. 31, 2017, S&P Global.

Risk position: Comparatively low credit cost and NPLs

In our view, the group's risk position reflects its relatively low cost of risk through the cycle and good sector diversification of the loan book. The group's cost of risk decreased to 0.8% at end-June 2018 from 2% at year-end December 2017, following the implementation of IFRS 9, which resulted in coverage by loan loss reserve increasing to 93.9% at end-June 2018. These ratios compares well with the sector average. The group's exposure to oil and gas--at around 19% of total loans--is lower than the peer average. However, NPLs increased to 7.2% as of June 30, 2018, from 6.7% as of Dec. 31, 2017 (3.9% at year-end 2016). The increase in NPLs was due to a single large exposure in the telecommunication sector. At end-June 2018, about 38% of NPLs stemmed from the oil and gas sector, while 36% emanated from the telecommunication sector.

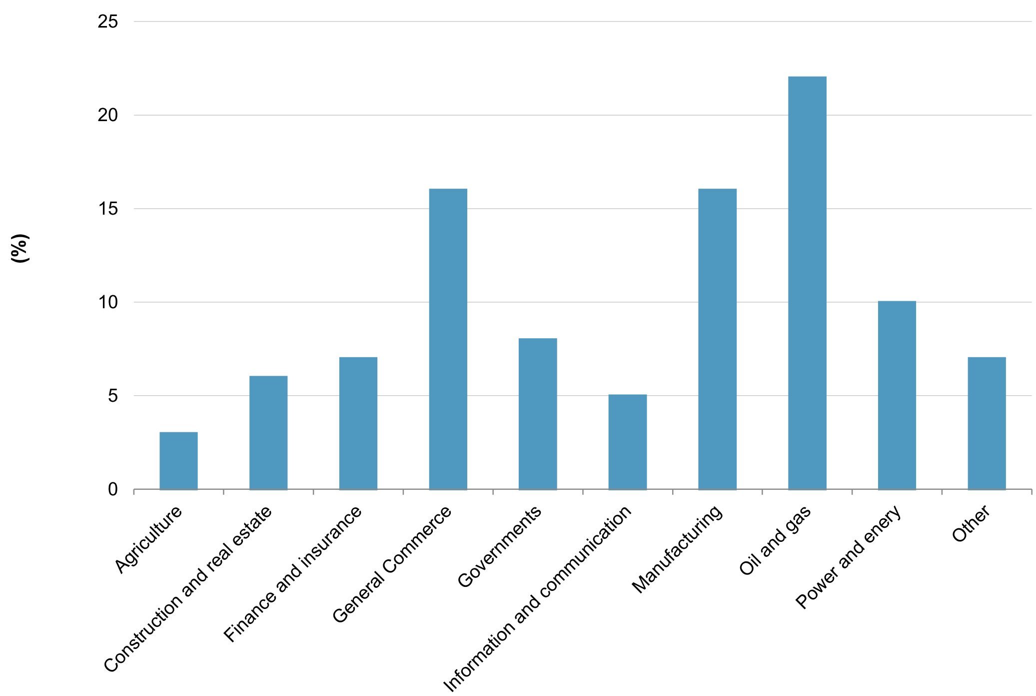
The provisioning policy accounts for the value of the collateral and it exceeds the impaired loans portfolio. We believe that it is not consistent across regions where the group operates due to differences in regulation, although there is an alignment of reporting to the group policy and reporting framework.

The group's NPLs outside Nigeria accounted for 48% of total NPLs. Over the next 12-18 months, we anticipate that credit losses will range between 1.0% and 1.3%, while the NPL ratio will be around 6% over the same period.

The group exhibits moderately high single-name concentration with the top-20 loans equating to 41% of total loans and 169% of TAC at Dec. 31, 2017. UBA Group's loan exposure spans a variety of industries including the oil and gas, manufacturing, and communication sectors. We view positively this degree of diversification across sectors, indicating an ability to smooth any potential industry-specific losses. Letters of credit in the oil and gas sector are extended inward to clients that have been paid to import crude oil. The other sectors accounted for less than 10% of total exposure, with the exception of the manufacturing and commerce sectors that accounted for 15% of total loans respectively at the same date. The group also has a significant exposure to the consumer credit segment (8%), owing to its large customer base reaching over 15 million to date (see chart 2).

Chart 2

United Bank for Africa PLC Customer Loans Breakdown, June 2018



Source: United Bank for Africa's financial statement.

Similarly to other Nigerian banking groups, UBA exhibits a large share of U.S. dollar lending (about one-third of total loans at year-end 2017). However, this risk is mostly mitigated by receivables in the same foreign currency.

Table 5

United Bank for Africa Plc Risk Position					
		--Year-ended Dec. 31--			
(%)	2018*	2017	2016	2015	2014
Growth in customer loans	(3.1)	9.8	46.4	(3.0)	14.5
Total managed assets/adjusted common equity (x)	11.3	10.1	10.6	10.5	13.7
New loan loss provisions/average customer loans	0.8	2.0	2.1	0.5	0.3
Net charge-offs/average customer loans	N.M.	1.4	0.4	0.1	0.1

Table 5

United Bank for Africa Plc Risk Position (cont.)					
		--Year-ended Dec. 31--			
(%)	2018*	2017	2016	2015	2014
Gross nonperforming assets/customer loans + other real estate owned	7.2	6.7	3.9	1.7	1.6
Loan loss reserves/gross nonperforming assets	93.9	50.6	83.3	140.9	132.8

*Data as of June 30. N.M.--Not meaningful.

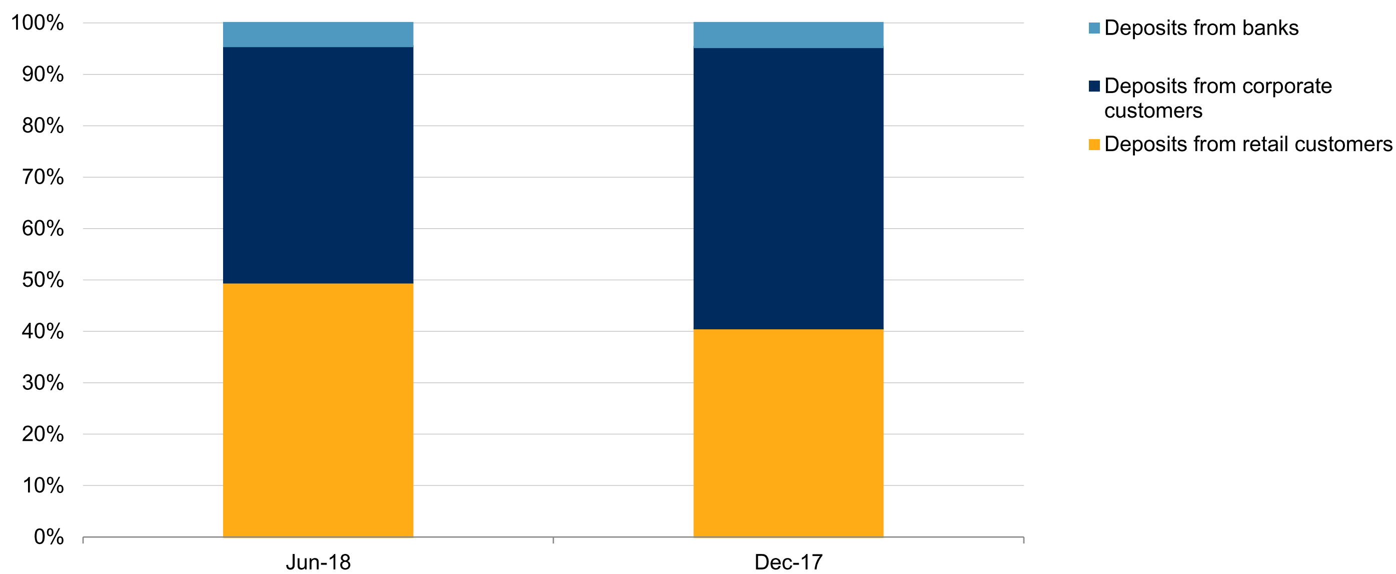
Funding and liquidity: Supported by a stable and large deposit base and a liquid balance sheet

The group's funding profile is underpinned by a stable and granular domestic customer deposit base and a balance sheet with a high amount of liquid assets.

The group's funding base is comprised largely of customer deposits, similar to domestic peers'. The core customer deposits to total funding ratio stood at 79% as of June 30, 2018, and the remaining is a mixture of interbank deposits and wholesale funding (see chart 3).

Chart 3

United Bank for Africa's Funding Structure



Source: United Bank for Africa's financial statements.

For first half of 2018, the group saw a significant increase in retail customer deposits, which increased by 58% for the period from year-end 2017 compared with a decline in corporate deposits, which shrunk by 22% during the period. This was due to the deliberate move by the bank to curb the growth of expensive deposits. The foreign currency customer deposits was 43% of gross deposits as of June 30, 2018.

Similar to other top-tier banking groups in Nigeria, UBA exhibits a relatively diversified deposit base, with top-20 depositors accounting for about 8.7% of total deposits at year-end 2017. In addition, subsidiaries' deposits have proved to be stable and unaffected by the adverse economic and political crisis that extended in some markets in recent past. Long-term borrowings accounted for about 9.8% of total funding at June 30, 2018. The group has managed to secure bilateral funding and has two funding facilities with the CBN and the Bank of Industry to finance reformed sectors in Nigeria. The group issued a $500 million Eurobond in June 2017 to improve its asset and liability matching.

All subsidiaries of the group have access to funding mechanisms provided by their respective central banks in case of need. Furthermore, we believe that the CBN considers the parent bank in Nigeria systemically important.

The group exhibits one of the best liquidity metrics in Nigeria. The group carefully monitors liquidity indicators at affiliates and group level, limiting depositors' concentration and loan leverage among others. The consolidated ratio of net loans to core customer deposits stood at 53% at end-June 2018, which was one of the lowest among Nigerian peers. The stable funding ratio was 166.6% as of the same date. Our assessment of the bank's liquidity as adequate is underpinned by the large portion of assets in the form of cash, T-Bills, or bank placements (about 58% of consolidated assets as of June 30, 2018). As such, broad liquid assets to short-term customer deposits stood at about 55.5% during June 2018.

Table 6

United Bank for Africa Plc Funding And Liquidity

		--Year-ended Dec. 31--			
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
Core deposits/funding base	79.2	79.6	84.5	88.3	89.4
Customer loans (net)/customer deposits	53.2	60.4	60.6	49.8	49.4
Long-term funding ratio	90.2	89.5	90.5	93.0	97.1
Stable funding ratio	166.6	148.0	143.2	157.7	168.7
Short-term wholesale funding/funding base	11.1	12.1	10.9	7.9	3.2
Broad liquid assets/short-term wholesale funding (x)	5.0	4.1	4.3	6.3	15.8
Net broad liquid assets/short-term customer deposits	55.5	46.5	61.9	60.1	53.6
Short-term wholesale funding/total wholesale funding	53.4	59.0	70.1	67.5	30.2
Narrow liquid assets/3-month wholesale funding (x)	6.5	11.8	11.1	17.3	20.7

*Data as of June 30.

External support: No uplift from SACP

We do not incorporate any uplift in the ratings on UBA above its 'b' SACP. We classify the Nigerian government support of the domestic banking sector as uncertain.

Additional rating factors: None

No additional factors affect this rating.

Related Criteria

- General Criteria: Methodology For National And Regional Scale Credit Ratings, June 25, 2018

- Criteria - Financial Institutions - General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Financial Institutions - Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria - Financial Institutions - Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Criteria - Financial Institutions - Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- Nigerian Financial Institutions National Scale Ratings Revised After Criteria Update; Removed From Criteria Observation, July 2, 2018
- Nigeria National Scale Ratings Placed Under Criteria Observation On Revised National Scale Credit Rating Methodology, June 25, 2018
- S&P Global Ratings' National And Regional Scale Mapping Specifications, June 25, 2018
- Federal Republic of Nigeria Ratings Affirmed At 'B/B'; Outlook Stable, Sept. 14, 2018

Regulatory Disclosures

Regulatory disclosures applicable to the most recent credit rating action can be found at "Nigeria-Based United Bank for Africa Affirmed At 'B/B' And 'ngBBB/ngA-2'; Outlook Stable," published Nov. 16, 2017, on RatingsDirect.

Glossary

- Anchor: The starting point for assigning a bank a long-term rating, based on economic and industry risk.
- Asset-liability mismatch: Occurs when financial terms of an institution's assets and liabilities do not correspond.
- Asset quality: A key measure of the quality and performance of the assets of a bank.
- Available stable funding: Core deposits, plus deposits due to banks (net of those that mature within one year), plus other borrowings (net of maturities within one year), plus total equity, minus intangibles.
- Business position: A measure of the strength of a bank's business operations.
- Broad liquid assets: cash (net of restricted cash) and reserves at central bank, plus other cash and money market, plus bank loans and reverse repos that mature in less than one year, plus total liquid assets.
- Capital and earnings: A measure of a bank's ability to absorb losses.
- Core deposits: Total deposits minus noncore deposits (such as deposits due to banks and certificates of deposits).

- Cost of funds: Interest expense as a percentage of average interest-bearing liabilities.
- Cost of risk: As a percentage of total loans, the charge for bad and doubtful debts.
- Counterparty credit rating: A form of issuer credit rating, which is a forward-looking opinion about an obligor's overall creditworthiness.
- 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.
- Earnings buffer: A measure of the capacity for earnings to absorb normalized losses through the credit cycle.
- Fee income over operating revenues: Net income on fees and commissions over operating revenues.
- Funding and liquidity: A combined assessment of the strength and stability of a bank's funding mix and its ability to manage its liquidity needs in adverse market and economic conditions over an extended period.
- Funding base: Total deposits, plus acceptances, repurchase agreements, and other borrowings (including commercial papers, short- and long-term debt, subordinated debt, and minimal equity content hybrids).
- 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).
- Long-term funding ratio: Available stable funding, over funding base plus total equity, minus intangibles.
- 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.
- Net interest income over operating revenues: Net interest income (including net interest income on loans, securities, and other assets), over operating revenues.
- New loan loss provisions over average customer loans: Credit loss provisions (including specific loan provisions and general and other provisions) minus recoveries, over average gross customer loans of current period and last fiscal year.
- Noninterest expenses: Salaries and general administrative expenses (including depreciations and amortizations).
- Operating revenues: Net interest income, plus operating non-interest income (that mainly includes fees and commissions and trading gains).
- Preprovision operating income over average assets: Operating revenues minus noninterest expenses, over average assets.
- 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.
- Short-term wholesale funding: Debt securities that mature in less than one year (of commercial papers, debt and senior and subordinated bonds), plus bank deposits that mature in less than one year.
- Sovereign support: An assessment of the likelihood that the government would provide extraordinary support to a bank.
- Short-term wholesale funding: Debt securities that mature in less than one year (of commercial papers, debt and senior and subordinated bonds), plus bank deposits that mature in less than one year.
- Stable funding needs: Restricted cash and reserves at the central bank, plus interbank deposits, plus loans to banks (net of maturities within one year), plus reverse repurchase agreements, plus gross customer loans net of loan-loss reserves, plus securities, minus total liquid securities, plus equity participations in nonfinancial entities, plus fixed assets, plus other assets (considering foreclosed assets, tax loss carryforwards, and deferred assets).
- Stable funding ratio: Available stable funding over stable funding needs.
- 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.
- Total wholesale funding: Noncore deposits, plus acceptances, repurchase agreements, other borrowings (including commercial papers, debt and senior and subordinated bonds, minimal equity content hybrids), and total equity, minus minority interest and common shareholders' equity.

Anchor Matrix

Industry Risk	**Economic Risk**									
	1	2	3	4	5	6	7	8	**9**	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	a-	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	**b**	b-

Ratings Detail (As Of December 10, 2018)

United Bank for Africa Plc	
Issuer Credit Rating	B/Stable/B
Nigeria National Scale	ngA/--/ngA-1
Senior Unsecured	B

Ratings Detail (As Of December 10, 2018) (cont.)		
Issuer Credit Ratings History		
19-May-2017		B/Stable/B
02-Jul-2018	*Nigeria National Scale*	ngA/--/ngA-1
19-May-2017		ngBBB/--/ngA-2
Sovereign Rating		
Nigeria		B/Stable/B
Nigeria National Scale		ngA/--/ngA-1

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.