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## First Bank of Nigeria Special Purpose Vehicle Proposed Subordinated Note Participation Notes Issued 'B' Rating

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OVERVIEW

- We have assigned our 'B' rating to the proposed subordinated note participation notes to be issued by FBN Finance Company B.V, a special purpose entity of First Bank of Nigeria Ltd.
- The sole purpose of the notes is to finance the purchase of a subordinated note to be issued by First Bank of Nigeria, and it is therefore our opinion that the note holders will enjoy the same rights they would have had if they had lent directly to the bank on a subordinated basis.
- The rating on the proposed subordinated note participation notes incorporates our assessment of the creditworthiness of First Bank of Nigeria and the subordination of the note to be issued by the bank.

JOHANNESBURG (Standard & Poor's) July 24, 2013--Standard & Poor's Ratings Services said today it assigned its 'B' long-term issue rating to the proposed subordinated note participation notes to be issued by FBN Finance Company B.V (not rated), a special purpose entity (SPE) of First Bank of Nigeria Ltd (BB-/Stable/B).

The ratings on the proposed subordinated note participation notes take into account the ratings on First Bank of Nigeria and the subordination of the note to be issued by the bank. The sole purpose of the notes to be issued by FBN Finance is to finance the purchase of a subordinated note to be issued by First Bank of Nigeria for general funding purpose. The subordinated note will

be issued by the bank to the SPE in an amount equal to the gross proceeds of the notes to be offered. We believe subordinated note participation notes holders will enjoy the same rights they would have had if they had lent directly to the bank on a subordinated basis.

The ratings on First Bank of Nigeria. reflect the overall creditworthiness of the group, for which we assess the group credit profile at 'bb-'. The group is dominated by its banking operations, which accounted for 98% of total assets and 91% of revenues in 2012. The group is positioned at the top of the Nigerian financial services industry with a market-leading deposit franchise and above-average funding. Negative rating factors include a moderate level of capitalization, limited geographic diversification, and rising credit risks from pockets of rapid loan growth and a high share of foreign currency lending.

RELATED CRITERIA AND RESEARCH

- Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- New Operating Entity First Bank of Nigeria Ltd Assigned 'BB-/B' Ratings; FBN Holdings PLC Rated 'B/B'; Outlook Stable, June 11, 2013

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