

## FITCH RATES FIRST BANK OF NIGERIA'S TIER 2 NOTE ISSUE

Fitch Ratings-London-09 August 2013: Fitch Ratings has assigned First Bank of Nigeria Ltd's (FBN; B+/Stable) USD300m 8.25% subordinated debt (Tier 2 notes) due August 2020 a final rating of 'B-'. The notes will be callable in August 2018, at which point the interest rate will reset to the sum of 6.875% plus the prevailing USD two-year mid-swap rate. The notes have been issued by FBN Finance Company B.V (FBNF) as a special purpose vehicle.

### KEY RATING DRIVERS

The notes are subordinated but there is no contractual non-viability loss absorption such as coupon flexibility, principal loss absorption or equity conversion features. They qualify as Tier 2 regulatory capital under current Central Bank of Nigeria guidelines. Fitch has rated the notes one notch below FBN's Viability Rating of 'b' to reflect below average loss severity for subordinated relative to senior debt. No additional notches for non-performance risk have been applied.

### RATING SENSITIVITIES

The notes' rating is sensitive to a change in FBN's VR. In addition, the notching of the rating against the bank's VR could potentially also widen if Fitch believed that the recoveries available to the subordinated noteholders in the event of a default of the bank would be lower than currently assumed.

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Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

Applicable criteria, 'Global Financial Institutions Rating Criteria' dated 15 August 2012, 'Assessing and Rating Banks Subordinated and Hybrid Securities' dated 5 December 2012 and 'Evaluating Corporate Governance' dated 12 December are available at [www.fitchratings.com](http://www.fitchratings.com).

#### Applicable Criteria and Related Research:

Global Financial Institutions Rating Criteria

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=686181](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=686181)

Assessing and Rating Bank Subordinated and Hybrid Securities

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=695542](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=695542)

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