

This document is important and should be read carefully. If you are in any doubt about its contents or the action to be taken, please consult your Banker, Stockbroker, Accountant, Solicitor or any other professional adviser for guidance immediately. For information concerning certain risk factors which should be considered by prospective investors, see "Risk Factors" commencing on pages 106 to 108 thereof



NOVAMBL Investments SPV PLC

RC:1642580

(A SPECIAL PURPOSE VEHICLE INCORPORATED AS A PUBLIC LIMITED LIABILITY IN THE FEDERAL REPUBLIC OF NIGERIA)

₦50,000,000,000 BOND ISSUANCE PROGRAMME SHELF PROSPECTUS

This Shelf Prospectus and the Bonds which it offers have been registered by the Securities & Exchange Commission (the "SEC" or the "Commission"). It is a civil wrong and a criminal offence under the Investments and Securities Act (No. 29) 2007 (the "ISA" or the "Act") to issue a Prospectus which contains false or misleading information. Clearance and registration of this Shelf Prospectus and the Bonds which can be issued under the Programme do not relieve the parties of any liability arising under the Act for false and misleading statements contained herein or for any omission of a material fact. Investors are advised to note that liability for false or misleading statements or acts made in connection with the Prospectus is provided in Sections 85 and 86 of the ISA.

This Shelf Prospectus has been issued in compliance with Part IX of the Act, the Rules and Regulations of the Commission and the listing requirements of the Nigerian Stock Exchange (the "NSE") and FMDQ OTC Securities Exchange PLC ("FMDQ") and contains particulars which are in compliance with the requirements of the Commission for the purpose of giving information with regard to the ₦50,000,000,000.00 Medium Term Note (the "Programme").

The maximum aggregate nominal amount of all Bonds issued from time to time and outstanding under the Programme shall not exceed ₦50,000,000,000.00 over the three (3) years that this Shelf Prospectus, including any amendments thereto, remains valid. This Shelf Prospectus is to be read and construed in conjunction with any supplement hereto and all documents which are incorporated herein by reference and, in relation to any series of the Programme, together with the applicable Supplementary Prospectus.

The registration of this Shelf Prospectus and any Supplementary Prospectus shall not be taken to indicate that the Commission endorses or recommends the Bonds or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this Shelf Prospectus or any Supplementary Prospectus.

This Shelf Prospectus is to be read and construed in conjunction with any supplement, hereto and all documents incorporated by reference as a whole and, in relation to any series of the Programme, together with the relevant Pricing Supplement. An investment in certain Bonds may entail a risk of loss of all or a portion of the principal amount of the Bonds which is directly caused by fluctuation of interest rates; devaluation of the currency of issue; value of Bonds at a securities market; or other indices or by a change in the condition of business or assets of the party selling the Bonds or other parties. Also, an exercise of an option or other right associated with certain Bonds or cancellation of a contract for sale of certain Bonds may be subject to certain time limitations. Investment in the Bonds is strictly for eligible institutional investors and high net worth Individuals as defined under rule 321 of the rules and regulations of the Securities and Exchange Commission.

For information about risks factors which should be considered by prospective investors, please refer to Risk Factors on pages 106

LEAD ISSUING HOUSE



RC: 444999

JOINT ISSUING HOUSES



RC: 1031358



RC: 370890

THIS SHELF PROSPECTUS IS DATED 23RD JULY 2020

This Shelf Prospectus will be available on the following websites
www.novamb.com www.sec.gov.ng

TABLE OF CONTENTS

TABLE OF CONTENTS.....	2
IMPORTANT NOTICE.....	3
INFORMATION RELATING TO THIS SHELF PROSPECTUS.....	4
ISSUE OF PRICING SUPPLEMENT.....	7
DECLARATION BY THE SPONSOR.....	8
GLOSSARY OF TERMS.....	9
INCORPORATION OF DOCUMENTS BY REFERENCE.....	14
DIRECTORS, SECRETARY AND OTHER PARTIES TO THE PROGRAMME.....	15
THE PROGRAMME.....	19
TRANSACTION OVERVIEW.....	20
SUMMARY OF THE PROGRAMME.....	22
TERMS AND CONDITIONS OF THE PROGRAMME.....	27
OVERVIEW OF THE NIGERIAN ECONOMY.....	41
DESCRIPTION OF NOVAMBL INVESTMENTS SPV PLC.....	50
DESCRIPTION OF NOVA MERCHANT BANK LIMITED.....	52
EXTRACT FROM THE SPONSORS RATING REPORT.....	67
EXTRACT FROM THE REPORTING ACCOUNTANTS REPORT.....	68
TAX CONSIDERATIONS.....	103
RISK FACTOR.....	106
STATUTORY AND GENERAL INFORMATION.....	110

IMPORTANT NOTICE

This Shelf Prospectus is made in accordance with the provisions of the Act, SEC Rules and Regulations, the listing and quotation requirements of the FMDQ and the NSE, for the purpose of giving information with regard to the Issuer, the Bank and the Debt Securities which, according to the particular nature of the Issuer and the Bank, is necessary to enable investors make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the Bank.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Shelf Prospectus or any other information supplied in connection with the Programme and, if given or made, such information must not be relied upon as having been authorised by either the Issuer or the Bank, or any of the parties to the Programme.

Neither this Shelf Prospectus nor any other information supplied in connection with the Programme or the Debt Securities: (a) is intended to provide the basis of any credit or other evaluation; or (b) should be considered as a recommendation by either the Issuer or the Bank or any of the Parties to the Programme that any recipient of this Shelf Prospectus or any other information supplied in connection with the Programme should purchase any Bonds. Each Investor contemplating purchasing any bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer or the Bank.

This Shelf Prospectus has been issued in compliance with part IX of the Act, the rules and regulations of the commission and listing requirements of the Nigerian Stock Exchange ("The NSE") and FMDQ Securities Exchange PLC ("FMDQ") and contains particulars which are in compliance with the requirements of the commission for the purpose of giving information with regards to the ₦50,000,000,000 Bond Issuance Programme.

1. Presentation of Information

The information set forth herein has been obtained from official sources that are believed to be reliable, but is not guaranteed to be accurate, reliable or complete. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Shelf Prospectus nor any issue made hereunder or any future use of this Shelf Prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer and Bank since the date hereof.

All financial and other information presented or incorporated by reference in this Shelf Prospectus have been provided by the Issuer and the Bank from their records, except for information expressly attributed to other sources. The presentation of certain information, including tables of receipts and other revenues, is intended to show recent historic financial information and is not intended to indicate future or continuing trends in the financial position or other affairs of the Issuer and the Bank. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

A wide variety of other information concerning the Bank, including financial information, are available from the Bank's website – www.novambl.com - and other authorised publicly available Company publications. Any such information that is inconsistent with the information set forth in this Shelf Prospectus should be disregarded. No such information is a part of or incorporated into this Shelf Prospectus.

2. Financial Information

Unless otherwise indicated, the financial information regarding the Bank indicated in this Shelf Prospectus has been derived from the Reporting Accountants' Report on the Bank's audited financial statements for the years ended December 31st 2017 – December 31st 2018. The Bank's audited financial statements have been prepared in accordance with (a) International Financial Reporting Standards; (b) the requirements of the CAMA, (c) the Financial Reporting Council of Nigeria Act 2011, and are presented in Naira, the reporting currency of the Bank.

3. Rounding

Certain numerical figures included in this Shelf Prospectus have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown in totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

4. Forward-Looking Statements

Certain statements included herein and in any Pricing Supplement may constitute forward-looking statements that involve a number of risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such forward-looking statements can be identified by the use of forward-looking terminologies such as "believes", "expects", "may", "are expected to", "intends", "will", "will continue", "should", "would be", "seeks", "approximately" or "anticipates" or similar expressions or the negative thereof or other variations thereof or comparable terminologies. These forward-looking statements include all matters that are not historical facts and include statements regarding the Bank's and Issuer's intentions, beliefs or current expectations concerning, amongst other things, its operating results, financial condition, liquidity, prospects, growth, strategies and the industry in which it operates.

INFORMATION RELATING TO THIS SHELF PROSPECTUS

Prospective investors should be aware that forward-looking statements are not guarantees of future performance and that the Issuer's and Bank's actual results of operations, financial condition and liquidity, and the development of the industry in which they operate may differ materially from those made in or suggested by the forward-looking statements contained in this Shelf Prospectus. In addition, even if the Bank's and Issuer's result of operations, financial condition and liquidity and the development of the industry in which they operate are consistent with the forward-looking statements contained in this Shelf Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Factors that could cause actual results to differ materially from the Issuer's and Bank's expectations are contained in cautionary statements in this Shelf Prospectus and include, among other things, the following: overall political, economic and business conditions in Nigeria;

- overall political, economic and business conditions in Nigeria;
- changes in government regulations;
- changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations;
- economic and political conditions in international markets, including governmental changes;
- the demand for the Bank's products and services;
- competitive factors in the industries in which the Bank and its customers compete;
- interest rate fluctuations and other capital market conditions;
- exchange rate fluctuations; and
- the timing, impact and other uncertainties of future actions.

The sections of this Shelf Prospectus entitled "**Risk Factors**", "**Description of Nova Merchant Bank Limited**" and "**Statutory and General Information**" contain a more detailed discussion of the factors that could affect the Bank's and Issuer's future performance and the industry in which it operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Shelf Prospectus may not occur.

The Bank and the Issuer do not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Issuer or the Bank or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Shelf Prospectus.

This Shelf Prospectus has been prepared by the Issuer, the Bank and Issuing Houses in connection with the ₦50,000,000,000 Bond Issuance Programme of the Issuer (pursuant to which the Issuer will issue Debt Securities) for the purpose of giving information to the prospective investors in respect of the Debt Securities described herein. The SEC has cleared this Prospectus and registered the securities listed herein.

This Prospectus contains certain statements, estimates and projections with respect to the future performance of the Issuer. These statements, estimates and projections reflect various assumptions by the Issuer concerning its anticipated future performance, which have been included solely for illustrative purposes. These statements, estimates and projections should not however, be relied upon as a representation, warranty or undertaking, expressed or implied, as to the future financial condition of the Issuer and actual occurrences may vary materially from the projected developments contained herein and/or the assumptions on which such statements, estimates and projections were based.

INFORMATION RELATING TO THIS SHELF PROSPECTUS

The receipt of this Shelf Prospectus or any information contained in it or supplied with it or subsequently communicated to any person does not constitute investment advice from the Issuing Houses to any prospective investor. Each prospective investor should make their own independent assessment of the merits or otherwise of subscribing to the securities offered herein and should seek their own professional advice in connection with any prospective investment by them.

The members of the Bank's Board and Issuer's Board individually and collectively accept full responsibility for the accuracy of the information contained herein and have taken reasonable care to ensure that the material facts contained herein are true and accurate in all material respects and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no material facts, the omission of which, would make any material statement herein misleading or untrue. Additional information may be obtained through the offices of the Issuing Houses as listed on page 14 of this Shelf Prospectus on any Business Day during the period of the respective opening and closing dates of the issuance of Debt Securities under the Bond Issuance Programme, provided the Issuing Houses possess such information or can acquire it without unreasonable effort or expense.

Nothing in this Shelf Prospectus should be construed to mean that the Issuing Houses are bound to provide any information coming to their attention to any Bondholder or potential investors in the Bonds. Also, the Issuing Houses are not bound to advise any investor or potential investors on the financial condition or affairs of the Issuer during the life of the arrangement contemplated therein.

ISSUE OF PRICING SUPPLEMENT

Following the publication of this Shelf Prospectus, a Pricing Supplement would be prepared by the Issuer, the Sponsor and Issuing Houses for the approval of the SEC in accordance with Rule 279 of the SEC Rules and Regulations.

Statements contained in any such Pricing Supplement, shall to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Shelf Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Shelf Prospectus.

The Bank and Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Shelf Prospectus, which is capable of affecting the assessment of the Notes, prepare a Supplementary Prospectus/Pricing Supplement to this Shelf Prospectus or publish a new Shelf Prospectus for use in connection with any subsequent issue of Bonds.



DECLARATION BY THE SPONSOR

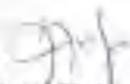
This prospectus has been prepared by the Issuing Houses on our behalf with a view to providing a description of the relevant aspects of the Bank in connection with the issue and an investment therein.

On behalf of the Board of Directors, we hereby make the following declaration(s):

1. We confirm that the information contained in this Prospectus is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.
2. There has been no significant change in the financial condition or material adverse change in the prospects of the Bank since the publication of the Shelf Prospectus.
3. The Bank is not in breach of any terms and conditions in respect of borrowed monies which resulted in the occurrence of an event of default and an immediate recall of such borrowed monies during the twelve months preceding the date of this prospectus and
4. No prosecution has been commenced against either the Bank or any of its subsidiaries during the twelve calendar months immediately in respect of any breach or contravention of any securities or banking laws or the CMA or the listing requirements of a recognized Securities Exchange.

SIGNED for and on behalf of
NOVA Merchant Bank Limited
 By its duly authorized representatives


Nnadosie Ohoji
 Company Secretary


Henry Chukwuonye
 Group CFO


Anyalechi Duroha
 Managing Director/CEO



NOVA Merchant Bank Limited
 12, Festac Road

12, Festac Road, Lagos State, Lagos, Nigeria
 Tel: +234 (0) 201 4582 40
 www.novabank.com

NOVA Merchant Bank Limited
 12, Festac Road, Lagos State, Lagos, Nigeria
 Tel: +234 (0) 201 4582 40
 www.novabank.com

GLOSSARY OF TERMS

Unless the context otherwise requires, the following expressions shall have the meanings respectively assigned to them:

“Applicable Pricing Supplement”/“Pricing Supplement” or “SP”	The document(s) to be issued pursuant to this Shelf Prospectus, which shall provide final terms and conditions of a specific Series or Tranche of Bonds under the Programme
“Allotment Date”	Date on which the Bonds are allotted to Bondholders
“Board” or “Directors”	board of directors of the Bank
“Bonds” or “Debt Securities”	Any instrument of indebtedness issued by the Issuer on a continuing basis in accordance with the terms of this Shelf Prospectus and any subsequent Pricing Supplement with the aggregate Principal Amount of ₦50,000,000,000 which the Issuer obligates itself to pay to a Bondholder the aggregate Principal Amount together with any Coupons (if any) on the specified dates after the Issue Date
“Bond Trustees”	Stanbic IBTC Trustees Limited
“Bondholder” or “Holder”	Any registered owner or beneficial owner of Bond units or other Debt Securities to be issued under the Programme
“Business Day”	Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria on which banks are open for business in Nigeria
“CAMA”	Companies and Allied Matters Act, Chapter C20, LFN, 2004 as may be amended or replaced from time to time
“CBN”	Central Bank of Nigeria
“CITA”	Companies Income Tax Act Cap. C21 LFN, 2004 (as amended by the Companies Income Tax (Amendment Act No. 11 of 2007)
“CITA Order”	The Companies Income Tax (Exemption of Bonds and Short-Term Government Securities) Order 2011 made pursuant to the CITA.
“Coupon”	The interest paid on the Bond periodically, expressed as a percentage of the face value
“Coupon Commencement Date”	The Issue Date for any particular Series of Bonds, or such other date as may be specified in the Applicable Pricing Supplement, from which interest on the Bonds begins to accrue to the Bondholder or Holder
“Coupon Payment Date”	The date on which a coupon falls due for payment to the Bondholders, as specified in the Applicable Pricing Supplement

"Coupon Period"	The period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next Interest Payment Date
"Coupon Rate"	Interest rate payable to Bondholders or Holders as stated in the Applicable Pricing Supplement
"Clearing System"	Central Securities Clearing Systems Plc, the operator of the securities depository, or any other clearing house appointed by the Issuer for subsequent series
"Debt Securities"	Any securities, which include registered bonds, promissory notes, certificates, debentures and other obligations authorized to be issued under the Programme by the Issuer
"Exchange Rate"	The applicable NGN/USD currency exchange rate which shall be the applicable CBN clearing rate at the allotment date
"Face Value"	The par value of a Bond
"Federal Government" or "FGN" or "the Government"	Federal Government of Nigeria
"Fixed Rate Bonds"	A Bond in respect of which the rate of interest is to be calculated and paid on a fixed rate basis and will not change during the life of the Bond
"Floating Rate Bonds"	A Bond which pays interest in accordance with a variable benchmark rate as prescribed in the Applicable Pricing Supplement
"FMDQ"	FMDQ Securities Exchange Plc
"High Net Worth Individual"	An individual whose aggregate net worth of investment assets (excluding personal homes, automobiles and furniture) exceeds ₦100 million, in addition to possession of evident capacity, expertise and sophistication to undertake high risk investment activities as defined by the June 2017 amendment to the Rule 321 of the SEC Consolidated Rules and Regulations, 2013
"IFRS"	International Financial Reporting Standards
"ISA or "the Act"'"	Investments & Securities Act, No 29, 2007 as may be amended or replaced from time to time
"Issuer"	NOVAMBL Investments SPV PLC
"Issue Date"	In respect of any particular Series or Tranche, the date on which the relevant series or tranche of the Bonds are issued, as specified in the Applicable Pricing Supplement
"Issuing Houses"	The Lead Issuing House and the Joint Issuing Houses

"Joint Issuing Houses"	Stanbic IBTC Capital Limited Union Capital Markets Limited, and any other issuing house appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Series
"Lead Issuing House"	United Capital Plc, or any other Issuing House appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Series to act as the lead issuing house solely
"LFN"	Laws of the Federation of Nigeria
"Master Notes Subscription Agreement"	The master notes subscription agreement entered into between the Sponsor and the Issuer pursuant to which the Sponsor will issue the Notes to the Issuer
"Maturity Date"	The date as specified in each Applicable Pricing Supplement on which the principal amount is due for redemption
"Naira", "NGN" or "₦"	The Nigerian Naira
"NBS"	National Bureau of Statistics
"Nigeria"	The Federal Republic of Nigeria
"Notes"	Debt instruments issued by the Sponsor to the Issuer
"NSE" or "the Exchange"	The Nigerian Stock Exchange
"OTC"	Over the Counter
"PFAs"	Pension Fund Administrators
"PITA"	The Personal Income Tax Act, Cap P8, LFN 2004 (as amended by the Personal Income Tax (Amendment Act) 2011)
"Professional Parties"	Professionals engaged by the Issuer to facilitate the registration and issuance of the Debt Securities
"Programme"	The ₦50,000,000,000 Bond Issuance Programme described in this Shelf Prospectus and any other Supplement pursuant to which the Issuer may issue several separate Series or Tranches of Debt Securities from time to time with varying maturities, terms and conditions variable rates of interests; provided however that the aggregate value does not exceed ₦50,000,000,000
"Programme Trust Deed"	The deed entered into by the Issuer, the Sponsor and the Trustee dated 17 th July 2020 which empowers the Trustees to hold, administer and manage the Debt Service Reserve Account (where applicable) in respect of each series of

	Bonds issued pursuant to the Programme, and appoints the Trustees to act on behalf of Bondholders
"Principal Amount"	The nominal amount of each Debt Security, as specified in the Applicable Pricing Supplement
"Qualified Institutional Investor"	A purchaser of securities that is financially sophisticated, which includes Banks, Fund Managers, PFAs, Insurance Companies, Investment/Unit Trusts, Multilateral and Bilateral Institutions, Registered and/or Verifiable Private Equity Funds, Registered and/or verifiable Hedge Funds, Market Makers, Staff Schemes, Trustees/Custodians, Stock Broking Firms and any other category as the Commission may determine as stipulated by Rule 321 of the SEC Rules and Regulations
"Rating Agencies"	Agusto and Co Limited or any other SEC-registered rating agency appointed by the Issuer
"Redemption Amount"	The aggregate Principal Amount outstanding in respect of the Bonds on the Maturity Date
"Register"	The record maintained by the Registrar detailing the particulars of Bondholders and respective Bonds held by each Bondholder
"Registrar"	Greenwich Registrars and Data Solutions Limited and/or, if applicable, any successor Registrar
"SEC Rules and Regulations" or "SEC Rules"	The Rules and Regulations of the SEC 2013 (or as amended from time to time), issued by the SEC pursuant to the ISA
"SEC" or the "Commission"	The Nigerian Securities and Exchange Commission
"Series"	A Tranche of Bonds together with any further Tranche or Tranches of Bonds which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects except for their respective Issue Dates, and/or Issue Prices
"Share Trustee"	Leadway Capital & Trust Limited
"Shelf Prospectus"	The document issued in accordance with the Rules and Regulations of the Commission, which details the aggregate size and broad terms and conditions of the Programme
"Sponsor or the "Bank"	Nova Merchant Bank Limited
"Supplemental Trust Deed" or "Series Trust Deed"	A deed supplementing or modifying the provisions of the Programme Trust Deed entered into by the Issuer, the Sponsor and the Trustees and empowering the Trustees in relation to a particular Series or Tranche of Debt Securities

GLOSSARY OF TERMS

"Terms and Conditions"	The terms and conditions of the Bonds as set out in this Shelf Prospectus
"The Constitution"	The Constitution of the Federal Republic of Nigeria 1999 (as amended)
"Tranche"	In relation to any particular Series, all Debt Securities which are identical in all respects (including as to listing)
"Validity period"	A period not exceeding three (3) years (or such extended period as approved by the Commission) from the date of issue of this Shelf Prospectus unless otherwise renewed by the Commission
"VAT Act"	The Value Added Tax Act, Cap V1, LFN 2004 (as amended by the Value Added Tax (Amendment) Act No 12 of 2007)
"VAT Exemption Order"	The Value Added Tax (Exemption of Commissions on Stock Exchange Transactions) Order, 2014 made pursuant to the VAT Act
"VAT Order"	The Value Added Tax (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order, 2011 made pursuant to the VAT Act

INCORPORATION OF DOCUMENTS BY REFERENCE

This Shelf Prospectus should be read and construed in conjunction with the Sponsor's Audited Annual Report for the eight month period ended 31 December 2017 and for the financial year ended 31 December 2018, comprising of the audited annual financial statements of the Sponsor (and the notes thereto) and any quarterly or interim financial statements of the Sponsor for the life of the Programme and prepared in compliance with the IFRS issued by the International Accounting Standards Board prescribed by the Financial Reporting Council of Nigeria ("FRCoN") (which include standards and interpretations approved by the FRCoN), together with its pronouncements thereon from time to time on a consistent basis.

The Sponsor will, in the event of any material change in its financial position, which is not reflected in this Shelf Prospectus, prepare an amendment or supplement to this Shelf Prospectus. Also, the Sponsor's information given in this Shelf Prospectus and the terms and conditions of additional Debt Securities to be issued under the Programme may be updated in a Pricing Supplement pursuant to the SEC Rules and Regulation. Any such amendment or supplement will be incorporated by reference to this Shelf Prospectus and form an integral part hereof. Any statement contained in a document that is incorporated by reference herein shall be deemed to be modified or superseded such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Shelf Prospectus.

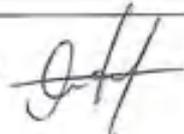
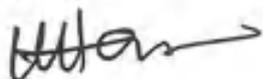
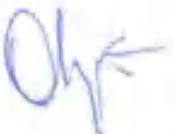
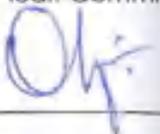
The Issuer will provide at no cost to each prospective investor upon request, a copy of any document deemed to be incorporated herein by reference, unless such documents have been modified or superseded. Requests for such documents shall be directed to the Issuer at its registered office as set out in this Shelf Prospectus or the Issuing Houses at the address stated below:

United Capital Plc
3rd & 4th Floor
Afriland Towers
97/105 Broad Street, Lagos
+234 1 280 8471

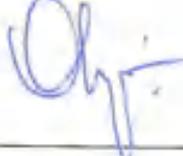
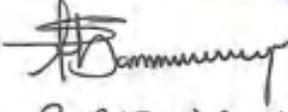
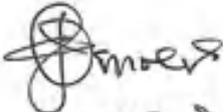
Stanbic IBTC Capital Limited
I.B.T.C Place
Walter Carrington Crescent
Victoria Island
Lagos
+234 1 422 8855

Union Capital Markets Limited
7 Fatai Durosinmi-Etiti Cres
Victoria Island
Lagos
+234 1 280 8471

DIRECTORS, SECRETARY AND OTHER PARTIES TO THE PROGRAMME

The Issuer	<p>NOVAMBL Investments SPV PLC 121/123, Funso Williams Avenue, Iponri, Lagos Website: https://www.novambl.com/ Telephone: +234 1 280 4000 Email: info@novambl.com</p>
Issuer's Board of Directors	<p>Sunday Oroloke 121/123 Funso Williams Avenue, Iponri, Lagos</p> 
	<p>Wuraola Ayodeji 121/123 Funso Williams Avenue, Iponri, Lagos</p> 
Issuer's Company Secretary	<p>Hanson Olumide 121/123 Funso Williams Avenue, Iponri, Lagos</p> 
Sponsor	<p>Nova Merchant Bank Limited 23 Kofo Abayomi Street Victoria Island Lagos Website: https://www.novambl.com/ Telephone: +234 1 280 4000 Email: info@novambl.com</p>  <p>ANYALECHI DUROHA</p>
Sponsor's Board of Directors	<p>Phillips Oduzoa Chairman 23 Kofo Abayomi Street Victoria Island Lagos</p> 
	<p>Anyalechi Duroha Managing Director/CEO 23 Kofo Abayomi Street Victoria Island Lagos</p> 
	<p>Ayodeji Adigun Executive Director 23 Kofo Abayomi Street Victoria Island Lagos</p> 
	<p>Shams Butt Non-Executive Director & Member Board Audit Committee 23 Kofo Abayomi Street Victoria Island Lagos</p> 

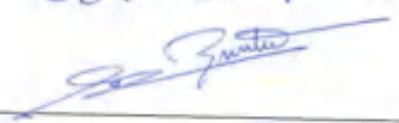
DIRECTORS, SECRETARY AND OTHER PARTIES TO THE PROGRAMME

	<p>Malachy Nwaiwu Independent Director 23 Kofo Abayomi Street Victoria Island Lagos</p> 
	<p>Emmanuel Ijewere Independent Director & Chairman Board Audit Committee 23 Kofo Abayomi Street Victoria Island Lagos</p> 
	<p>Bolanle Onagoruwa Independent Director & Member Board Audit Committee 23 Kofo Abayomi Street Victoria Island Lagos</p> 
	<p>Habiba Ammah Wakil Independent Director & Member Board Audit Committee 23 Kofo Abayomi Street Victoria Island Lagos</p> 
Sponsor's Company Secretary	<p>Nnadozie Ohaji 23 Kofo Abayomi Street Victoria Island Lagos</p> 
Lead Issuing House	<p>United Capital Plc 3rd & 4th Floor Afriland Towers 97/105 Broad Street Lagos</p>  BABATUNDE OBANIYI
Joint Issuing Houses	<p>StanbicBTC Capital Limited I.B.T.C Place Walter Carrington Crescent Victoria Island Lagos</p> <p>KCB. KOBAY BEVIST-ENOMA</p>
	<p>Union Capital Markets Limited 7 Fatai Durosinmi-Efidi Crescent Victoria Island Lagos</p> <p>ATG/AKATA EGIE AKPATA</p>
Bond Trustee	<p>StanbicBTC Trustees Limited The Wealth House 1678, Olakunle Bakare Close Victoria Island Lagos</p>  CHARLES OMOERA

DIRECTORS, SECRETARY AND OTHER PARTIES TO THE PROGRAMME

	<p>Legal Adviser to the trustee Seflon Frost 208 Kingsley Enu Street Lekki Scheme 1 Lagos</p>
Share Trustee	<p>Leadway Capital & Trusts Limited 121/123, Funsho Williams Avenue Iponri Road, Surulere Lagos</p> <p><i>[Signature]</i></p>
Solicitors to the Issue	<p>G. Elias & Co. 6 Broad Street, Lagos Island Lagos</p> <p><i>SEGUN OMOREGIE</i> <i>[Signature]</i></p>
Solicitors to the Issuer	<p>Consolex Legal Practitioner 62 Awolowo Road Ikoyi Lagos</p> <p><i>OKECHUKYAN ECIBUKHA</i> <i>[Signature]</i></p>
Reporting Accountants	<p>Ernst & Young 10th Floor - UBA House Lagos Island Lagos</p> <p><i>FAYOMAWO</i> <i>SAYO FAYOMAWO</i></p>
Rating Agencies	<p>Agusto and Co UBA House (5th Floor) 57 Marina Lagos Island Lagos</p> <p><i>SOLOKUNGA</i> <i>ADEBOYE OLUKUNGA</i></p>
Registrars	<p>Greenwich Registrars & Data Solutions Limited 274 Murtala Muhammed Way Alagomeji, Yaba Lagos</p> <p><i>[Signature]</i> <i>Idanre Olorunjoyin</i></p>
Auditors	<p>PricewaterhouseCoopers Landmark Towers 5B, Water Corporation Road Victoria Island Lagos</p> <p><i>Patrick Obianwa</i> P.O</p>

DIRECTORS, SECRETARY AND OTHER PARTIES TO THE PROGRAMME

Receiving Bank	United Bank for Africa Plc UBA House 57 Marina Lagos Island Lagos <i>SEUN DEDEYE ODUNTAN</i> 
-----------------------	--

THE PROGRAMME

This Shelf Prospectus is being issued in compliance with the provisions of the ISA, the SEC Rules and Regulations and the listing and quotation requirements of FMDQ and the NSE, and contains particulars in compliance with the requirements of the SEC, the NSE, and FMDQ for the purpose of giving information to the public with regards to the ₦50,000,000,000 Bond Issuance Programme being undertaken by the Issuer. An application will be made to the Board Listings and Quotations Committee of the FMDQ Securities Exchange Plc and/or the NSE for admission to its platform of each Series of the Bonds to be issued under the Programme.

Each of the Directors of the Issuer and Bank represent that all reasonable care have been taken to ensure that the information concerning the Bank and Issuer contained in this Shelf Prospectus is true and accurate in all material respects as at the date of this Shelf Prospectus and that as of the date hereof, there are no other material facts, in relation to the Issuer or the Bank, the omission of which would make misleading any statement herein, whether in fact or opinion.

LEAD ISSUING HOUSE



RC: 444999

JOINT ISSUING HOUSES



RC: 1031358



RC: 370890

On behalf of



NOVAMBL Investments SPV PLC

RC: 1642580

are authorized to issue this Shelf Prospectus in respect of
the ₦50,000,000,000 Bond Issuance Programme

A copy of the Shelf Prospectus has been delivered to the SEC for registration. The registration of this Shelf Prospectus and any subsequent Pricing Supplement shall not be taken to indicate that the SEC endorses or recommends the Bonds described herein or assumes responsibility for the correctness of any statements made or opinions or reports expressed herein.

This Shelf Prospectus must be read in conjunction with any Pricing Supplement to be issued by the Issuer from time to time within its Validity Period. No Bonds will be issued on the basis of this Shelf Prospectus read together with any Pricing Supplement later than three (3) years after the issue date indicated on the cover of this Shelf Prospectus.

This Shelf Prospectus contains:

1. on pages 27-40, the Terms & Conditions of the Programme;
2. on page 67, an extract of the Rating Report prepared by Agosto & Co Limited
3. on page 68, the Reporting Accountant's Report on the Bank's historical financial information, prepared by Ernst & Young; and
4. on page 51, details of claims and litigation prepared by G. Elias & Co.

This Shelf Prospectus and the documents referred to herein can be obtained free of charge from the offices of the Commission, the Issuer and the Issuing Houses.

TRANSACTION OVERVIEW

Description of Transaction Structure

The Issuer, NOVAMBL Investments SPV PLC, is a special purpose vehicle set up as a business finance company to raise finances for the purposes as the directors may approve of, which for the purpose of the Transaction is specifically to finance the Sponsor's funding requirements, by issuing Debt Securities to the general public. Proceeds of the Bonds will be deployed towards financing the purchase of the Notes which are to be issued by the Bank in accordance with the terms of the Master Notes Purchase Agreement (the "MNSA") between the Issuer, the Sponsor and the Trustees dated on or around the date of this Shelf Prospectus.

Utilization of the Issue Proceeds

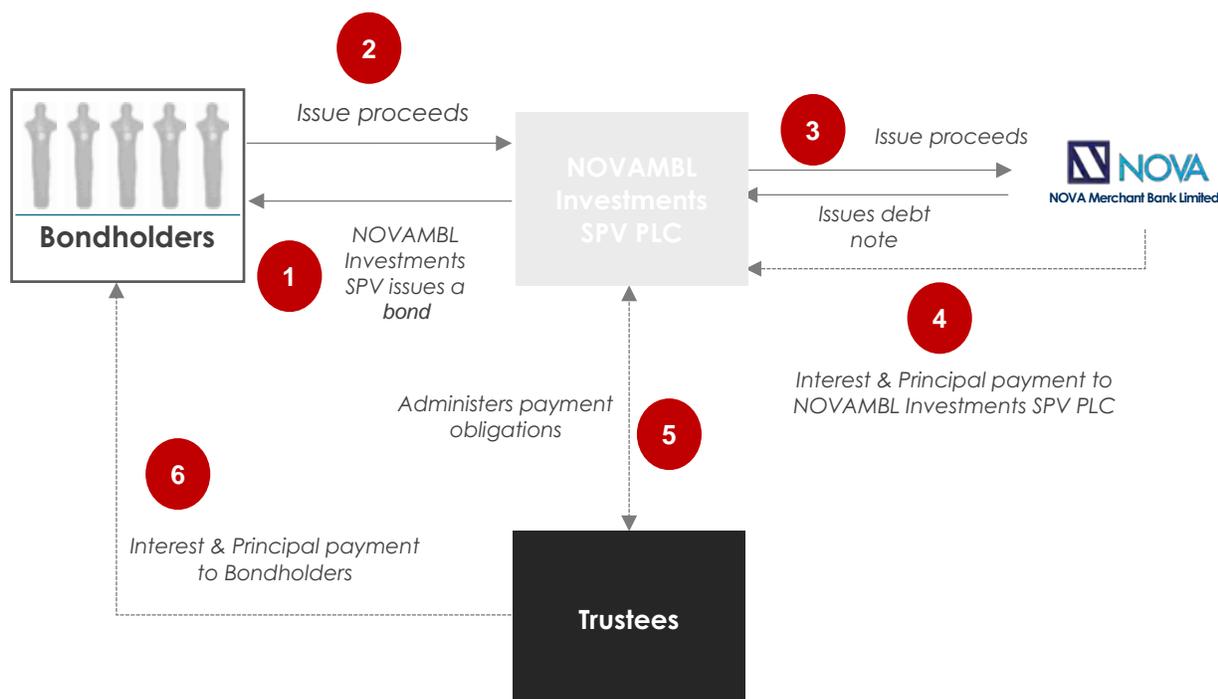
Net proceeds of the Bonds under the Programme will be used to subscribe to Notes issued by the Sponsor pursuant to the MNSA, while the Sponsor will apply the net proceeds towards risk asset generation.

Servicing of the Bonds

The semi-annual payment of Coupons and the scheduled repayment of Principal Amount, in accordance with the amortization schedule in the Applicable Pricing Supplement, will be serviced with payments received from the Sponsor on the Notes issued in accordance with the terms of the MNSA.

Undertaking

The Debt Securities are backed by an undertaking issued by the Sponsor in favour of the Issuer and the Trustee on behalf of Bondholders supporting all the obligations of the Issuer under the Programme.



Principal Transaction Documents

The under listed is a summary of the key legal agreements required for the above-referenced structure and is qualified in its entirety by reference to the detailed provisions of this Shelf Prospectus, the Programme Trust Deed and supplemental documents to be issued in relation to a particular Series.

1. **Master Notes Subscription Agreement (“MNSA”):** The MNSA is an agreement between the Issuer, the Sponsor and the Joint Trustees by which the Issuer (called the “Subscriber” in this context) agrees to subscribe to Notes issued by the Sponsor using proceeds from the sale of Debt Securities as stipulated under this Shelf Prospectus.
2. **Deed of Covenant:** This is an undertaking by the Sponsor in favour of the Issuer and the Trustee for the settlement of payment obligations and compliance with all applicable laws and regulations including performance of all necessary acts for the legal and efficient running of the Issuer as a going concern during the entire term of the Programme.
3. **Programme Trust Deed:** This is the agreement between the Issuer, the Sponsor and the Trustee which sets out the terms, conditions and covenants governing the issuance of Debt Securities and the appointment of Trustee under the Programme

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from and qualified in its entirety by the remainder of this Shelf Prospectus and, in relation to the terms and conditions of any particular Series of Bonds, the applicable Pricing Supplement. Words and expressions defined in "Form of the Bonds" and "Terms and Conditions of the Bonds" shall have the same meaning in this summary:

Issuer	<ul style="list-style-type: none"> NOVAMBL Investments SPV PLC
Sponsor	<ul style="list-style-type: none"> Nova Merchant Bank Limited
Programme Size	<ul style="list-style-type: none"> ₦50 billion
Lead Issuing House	<ul style="list-style-type: none"> United Capital Plc
Joint Issuing Houses	<ul style="list-style-type: none"> Stanbic IBTC Capital Limited Union Capital Markets Limited
Methods of Issue	<ul style="list-style-type: none"> The Bonds under this Programme may be issued by way of a public offer, private placement, book build process, or any other method permitted by the SEC and as specified in the Applicable Pricing Supplement
Use of Proceeds	<ul style="list-style-type: none"> The proceeds of the Bond Issuance Programme will be utilized as stated in the Applicable Pricing Supplement
Interest Rates	<ul style="list-style-type: none"> The Bonds may be interest-bearing or non-interest bearing. Interest (if any) may be at a fixed rate or vary as indicated in the Applicable Pricing Supplement and may vary during the lifetime of the relevant Series.
Currency	<ul style="list-style-type: none"> Bonds will be denominated in Nigerian Naira or such currency or currency units as may be agreed between the Issuer, the Sponsor and the Issuing Houses, subject to compliance with all applicable legal and/or regulatory requirements of the Commission
Ratings	<ul style="list-style-type: none"> The Bonds issued under this Programme will be rated by at least two rating agencies duly registered with the SEC and such rating shall be reviewed annually in accordance with the Rules and Regulations of the Commission
Status of the Bonds	<ul style="list-style-type: none"> The Bonds are direct and unsubordinated obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the Issuer under the Bonds and in respect of principal and any coupon on the Bonds shall at all times rank at least equally with all unsecured obligations of the Issuer, present and future except for obligations mandatorily preferred by law applying to companies generally
Events of Default	<ul style="list-style-type: none"> The events of default under the Bonds are as specified within the Programme Trust Deed and as modified in respect of any Series by the applicable Supplemental Trust Deed. The Trustees shall notify the Commission of such event(s) of default as required by the SEC Rules and Regulation

Form of the Bonds	<ul style="list-style-type: none"> ▪ The Bonds shall be issued in registered form and shall be transferable. The issue and ownership of the Bonds will be effected and evidenced by the Particulars of the Bond being entered in the register by the Registrar and the Bonds being electronically registered in the CSCS account of the Bondholder.
Issuance in Series and Tranches	<ul style="list-style-type: none"> ▪ Bonds will be issued in series (each a "Series"). The Bonds of each Series will all be subject to identical terms, whether as to currency or maturity or otherwise, or terms which are identical except that the issue date, the amount of the first payment of interest and/or the denomination thereof may be different. Each Series may comprise of one or more tranches issued on different issue dates. A Series may only be comprised of Bonds in registered form
Maturity Date	<ul style="list-style-type: none"> ▪ The Bonds may be issued with such maturity periods as may be agreed between the Issuer and the Issuing Houses and as indicated in the Applicable Pricing Supplement, subject to such minimum or maximum maturity period as may be allowed or required from time to time by the Issuer or any laws or regulations applicable to the Issuer or the relevant specified currency
Issue Price	<ul style="list-style-type: none"> ▪ Bonds may be issued at par or at a discount to par. The Issue Price of a specific Series shall be defined in the Applicable Pricing Supplement
Closing Date	<ul style="list-style-type: none"> ▪ The Closing Date of a specific Series shall be stated in the Applicable Pricing Supplement
Opening Date	<ul style="list-style-type: none"> ▪ The Opening Date of a specific Series shall be stated in the Applicable Pricing Supplement
Coupon	<ul style="list-style-type: none"> ▪ The Debt Securities may be interest-bearing or non-interest bearing. The Coupon if any, payable on the Bonds shall be determined by the Issuer, the Sponsor and the Issuing Houses and stated accordingly in the Applicable Pricing Supplement
Frequency	<ul style="list-style-type: none"> ▪ The frequency of payment of interest and any other monies due on the Debt Securities shall be specified in the Pricing Supplement for the Bond being issued
Denominations	<ul style="list-style-type: none"> ▪ Bonds will be issued in such denominations as may be agreed between the Issuer and the Issuing Houses and as specified in the relevant Pricing Supplement, subject to compliance with all applicable legal and regulatory requirements, and in accordance with usual market practice
Early Redemption	<ul style="list-style-type: none"> ▪ Early redemption will be permitted only to the extent specified in the Applicable Pricing Supplement and

SUMMARY OF THE PROGRAMME

	Supplementary Trust Deed and then only subject to any applicable legal or regulatory limitations
Principal Redemption	<ul style="list-style-type: none"> ▪ Bonds will be redeemed on the dates specified in the Applicable Pricing Supplement
Redemption	<ul style="list-style-type: none"> ▪ Bonds may be redeemable at par or at such other redemption amount as may be specified in the Applicable Pricing Supplement
Negative Pledge	<ul style="list-style-type: none"> ▪ For as long as any of the Bonds are outstanding, the Issuer and Sponsor hereby covenants that they shall not create any charge, mortgage, lien, pledge or other security interest upon any of its assets or any other party or any other indebtedness guaranteed by it without the prior written consent of the Trustee. Where the Trustee so consents, the Issuer and Sponsor shall at the same time as the creation of such indebtedness grant to the Trustee (for the benefit of the Bondholders) the same or equivalent security as is granted in relation to the indebtedness. Any new charge, mortgage, lease, lien, pledge etc. on the Issuer shall be subject to the SEC's approval
Business Day Convention	<ul style="list-style-type: none"> ▪ Where the day on which a payment is due to be made is not a Business Day, that payment shall be effected on the next succeeding Business Day unless that succeeding Business Day falls in a different month in which case, payment shall be made on the immediate preceding Business Day
Listing	<ul style="list-style-type: none"> ▪ Each Series of Bonds will be listed on the FMDQ and/or the NSE and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system as may be agreed between the Issuer and the Issuing Houses
Taxation	<ul style="list-style-type: none"> ▪ Income and interest earned from the Bonds by individual Bondholders will be exempted from tax imposed under the PITA by virtue of item 31 of the Third Schedule to the PITA. This exemption currently has no limitation as to period. ▪ The income and interest earned from the Bonds by corporate Bondholders will be exempted from tax imposed under the CITA by virtue of the CITA Order, effective from 2nd January 2012. This exemption is for a period of 10 years from the commencement date of the CITA Order unless otherwise extended. ▪ The proceeds from the disposal of the Bonds will be exempted from VAT imposed under the VAT Act by virtue of the VAT Order, effective from 2nd January 2012. This exemption is for a period of 10 years from the commencement date of the VAT Order unless otherwise extended. In any case, upon the expiry of the VAT Order,

	<p>VAT should not be charged on the disposal of the Bonds. This is because the VAT Act does not currently impose VAT on the proceeds realised from a disposal of intangible properties such as securities. However, at that time, the proceeds of the disposal of the Bonds could be held by the FIRS to be subject to VAT.</p> <ul style="list-style-type: none"> ▪ In view of the above, the Issuer will not be required by law to withhold tax on Coupon payments to the Bondholders. Therefore, all amounts payable under the Bonds will be paid without deduction or withholding for or on account of any income tax. In relation to Bonds with a maturity date later than 2nd January 2022 which are held by corporate Bondholders, the Issuer shall be required by law, to withhold tax on Coupon payments to such corporate Bondholders. Withholding tax implications in respect of the Coupon payments on the Bonds to Holders who are corporate entities for the period after 2nd January 2022 will be stated in the Applicable Pricing Supplement. The exemption order for Coupon payment to individual Bondholders is indefinite pursuant to the provisions of the PITA.
<p>Terms and Conditions:</p>	<ul style="list-style-type: none"> ▪ The terms and conditions applicable to each Series (the "Terms and Conditions") will be agreed between the Issuer, the Sponsor and the Issuing Houses at or prior to the time of issuance of such Tranche or Series and will be specified in the Applicable Pricing Supplement. The Terms and Conditions applicable to each Tranche or Series will therefore be those set out on pages 27 - 40 hereof as supplemented, modified or replaced by the Applicable Pricing Supplement
<p>Other Conditions</p>	<ul style="list-style-type: none"> ▪ Such other Terms and Conditions as may be incorporated by reference to, modified by, or supplemented by applicable Supplementary Shelf Prospectus for the Issue
<p>Statement of Indebtedness</p>	<ul style="list-style-type: none"> ▪ Save as disclosed, the Bank has no outstanding loans, charges or other similar indebtedness
<p>Governing Law</p>	<ul style="list-style-type: none"> ▪ The Bonds and all related contractual documentation will be governed by, and construed in accordance with Nigerian law
<p>Transaction Documents</p>	<ul style="list-style-type: none"> ▪ Shelf Prospectus ▪ Pricing Supplement ▪ Programme Trust Deed ▪ Series Trust Deed ▪ Share Trust Deed ▪ Master Notes Subscription Agreement ▪ Vending Agreement ▪ Deed of Covenant ▪ Board Resolution authorising the Programme

SUMMARY OF THE PROGRAMME

	<ul style="list-style-type: none">▪ Reporting Accountants Report▪ Solicitors' Opinion on Claims and Litigation & Material Contracts▪ Rating Reports
--	---

TERMS AND CONDITIONS OF THE PROGRAMME

1. Form, Denomination, Title and Series

- 1.1 **Form of Bonds:** Unless otherwise specified in any Final Terms, the Bonds shall be issued in registered form. The Bonds are backed by the full faith and credit of the Sponsor. Bonds issued under the Programme may be Senior Bonds, or Subordinated Bonds, Fixed Rate Bonds, Floating Rate Bonds, reverse Floating Rate Bonds, Zero Coupon Bonds or a combination thereof. The Bonds shall be issued in uncertificated (dematerialised or book entry) form, which shall be registered with a separate securities identification code with the CSD.
- 1.2 **Issue of the Bonds.** Issue of the Bonds will be effected and evidenced by the particulars of the Bond being entered in the Register of Bondholders of the applicable Series which the Issuer will procure to be kept by the Registrar, and the Bonds being electronically registered in the Securities Account of the Bondholder.
- 1.3 **Description:** The Bonds will be denominated in Naira (but may also be denominated in such other currency specified in the relevant Final Terms), with provision for Coupon to be paid (if any) at intervals specified in the Final Terms. Bonds may be issued from time to time, in accordance with the Shelf Prospectus and the Final Terms. Unless otherwise specified in the relevant Final Terms, the Bonds are redeemable at face value on maturity.
- 1.4 **Denominations:** Bonds will be issued in such denominations as may be agreed between the Issuer and the Issuing Houses and as specified in the relevant Final Terms, subject to compliance with all applicable legal and regulatory requirements.
- 1.5 **Title:**
- (a) Title to Bonds which will be issued in uncertificated form shall be effected in accordance with the rules governing transfer of title in securities held by CSD.
- (b) The Issuer, the Trustee and the Registrar may deem and treat the person listed on the Register as the absolute owner of the Bonds listed against his name, free from any equity, set-off or cross-claim on the part of the Issuer against the original or any intermediate holder of such Bonds. All payments made to the holder shall be valid and, to the extent of sums so paid, effective to satisfy and discharge the liability for the moneys payable on the Bonds.
- 1.6 **Series:** Bonds may be issued in Series. A Series of Bonds may be listed on a Recognised Stock Exchange, subject to any Applicable Law. The Tranches in each Series will be subject to identical terms, whether as to currency or maturity or otherwise, except that the Issue Date, the amount of the first payment of interest and/or the issue price thereof may be different. Each Series may comprise one or more Tranches) issued on different Issue Dates. A Series may only be comprised of Bonds in registered form. The applicable Series number shall be recorded in the Register. The Register and/or the applicable Final Terms shall be conclusive as to the series of a Bond.

2. **Registration and Transfer of Bonds**

2.1 **Register:** A Register of the Bonds shall be kept by the Registrar at its office, a copy thereof shall be made available for inspection at the registered office of the Issuer, and there shall be entered in such Register:

- (a) The names and addresses of the holders for the time being of the Bonds;
- (b) The amount of the units of Bonds held by every registered holder;
- (c) The Securities Account number of the Bondholder;
- (d) The date at which the names of every registered holder is entered in respect of the Bond standing in his name;
- (e) All transfers and redemption of the Bonds; and
- (f) Such other information considered necessary by the Registrar.

The entries in the Register shall in the absence of manifest error, be conclusive evidence of the facts, matters and transactions contained therein and the Trustees and the Registrar may call for and, except in the case of manifest error, shall be at liberty to accept and place full reliance on (without liability), a letter of confirmation issued on behalf of the CSD or any form of record made by the CSD or such other form of evidence and/or information and/or certification as the CSD shall, in its absolute discretion, think fit as sufficient evidence thereof to the effect that any particular time or throughout any particular period any particular person is or was, shown in the Register as the holder of a particular nominal amount of Bonds and, if they do so rely, such letter of confirmation, form of record, evidence, information or certification shall be conclusive and binding on all concerned.

2.2 **Transfers:**

- (a) Transfer of dematerialised Bonds shall be by way of a book entry in Securities Accounts held by the transferor and transferee in the CSD in accordance with the procedures of the CSD or such alternative clearing system approved by the Issuer and the Trustee, and registration of the name of the transferee in the Bonds Register in respect of the Bonds then held by him. The transferor shall be deemed to be the holder of the Bonds until the transferee's name is entered in the Bond Register in respect thereof.
- (b) If the Bonds are listed, the Bonds shall be transferred on the Exchange in accordance with the rules and regulations of the Exchange.

2.3 **Change of address:** Any change of name or address on a part of the Bondholder shall forthwith be notified to the Registrar and thereupon the Register shall be altered accordingly. The Trustee and the Bondholders and any person authorised by any of them shall be entitled at all reasonable times during office hours to inspect the Register

- and to make copies of or take extracts from the same.
- 2.4 **Amount of transfer:** The Bonds are transferable in whole or in part in such denominations set out in the applicable Final Terms and Series Trust Deed.
- 2.5 **Restriction on Transfer:** There are no restrictions on the transferability of the Bonds, unless otherwise provided in the applicable Final Terms.
- 2.6 **Transmission:** Any person becoming entitled to the Bonds in consequence of the death, bankruptcy, winding-up or dissolution of the holder thereof may, upon producing such evidence that he has or is entitled to the capacity in respect of which he proposes to act under this Condition or of his title as the Registrar shall require, be regarded as the holder of such Bonds, or subject to the preceding Conditions as to transfer may transfer the same. The Issuer shall be at liberty to retain any amount payable upon any Bonds which any person is entitled to transfer under the preceding Condition until such person shall be registered or duly transfer the same as aforesaid.
- 2.7 **Record Date:** No Bondholder may require the transfer of a Bond to be registered during a period of fifteen (15) days immediately preceding each Payment Date during which the Register will be closed ("**Record Date**").
3. **Status of the Bonds.** The Bonds issued under the Programme are backed by the Sponsor's irrevocable undertaking to pay amounts due in respect of the Bonds. Additional status of the Bonds shall be set out in the relevant Series Trust Deed. The status of the Bonds may be Senior Bonds or Subordinated Bonds, as indicated in the applicable Final Terms.
- 3.1 **Status of Senior Bonds:** The Senior Bonds shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves other by reason of priority of date of issue, currency of payment or otherwise. The payment obligations of the Issuer under the Senior Bonds and in respect of currency of payment, principal and any Coupon thereon shall at all times rank at least equally with all other senior unsecured obligations of the Issuer, present and future, except for obligations mandatorily preferred by law applying to companies generally or except to the extent that any such obligations are by their terms expressed to be subordinated in right of payment amounts and terms of issue as provided in the applicable Final Terms.
- 3.2 **Status of Subordinated Bonds:** The Subordinated Bonds will rank pari passu without any preference to one above the other by reason of priority of date of issue, currency of payment or otherwise with all other subordinated unsecured obligations of the Issuer, present and future, except to the extent that any such obligations are by their terms expressed to be subordinated in right of payment to other subordinated unsecured obligations as may be provided in the applicable Final Terms.
4. **Negative Pledge.** So long as any Bonds remain outstanding, no Obligor shall secure any other Indebtedness represented by bonds, notes or any other publicly issued debt securities which are, or are capable of being, traded or listed on any stock exchange or over-the-counter or similar securities market without securing the Bonds equally and

rateably with such Indebtedness, unless otherwise stated in a Final Terms applicable to a Series.

5. **Redemption, Purchase and Cancellation**

5.1 **Redemption at Maturity:** Unless previously redeemed, purchased or cancelled, a Series of Bonds may be fully redeemed at its Principal Amount on the Maturity Date specified in the applicable Final Terms.

5.2 **Redemption by Instalments:** Bonds may be partially redeemed in instalments on each Payment Date at the Instalment Amount specified in the applicable Final Terms whereupon the Principal Amount Outstanding of such Bond shall be reduced by the Instalment Amount on each Payment Date until fully redeemed at the Maturity Date.

5.3 **Redemption at the option of the Issuer:**

(a) If the Call Option is specified in the relevant Final Terms as being applicable, the Bonds may be redeemed at the option of the Issuer in whole on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than twenty (20) nor more than sixty (60) days' notice to the Bondholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Bonds on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

(b) Notwithstanding Condition 5.3(a) above, for as long as any Sponsor Notes certified by the CBN as forming part of the Sponsor's regulatory capital remains outstanding, the Issuer shall not exercise any right to redeem the Bonds prior to the Maturity Date unless:

(i) The Optional Redemption (and thus the repayment under the Sponsor Notes) will not result in the Sponsor's capital adequacy ratio falling below the regulatory minimum ratio prescribed by the CBN, and

(ii) The Sponsor has obtained the consent of the CBN for such early redemption of the Sponsor Notes.

5.4 **Redemption for tax reasons:** If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

(a) it has or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Nigeria or any political subdivision or any authority thereof or therein having power to tax (including for the avoidance of doubt, the expiry of the Companies Income Tax Act 2004 exemption in respect of the Bonds set out in the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 in relation to Bonds with a maturity date later than January 2, 2022), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and

(b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may at its option, having given not less than twenty (20) nor more than sixty (60) days' notice to the Bondholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Bonds on the relevant Optional Redemption Date at the Optional Redemption Amount plus accrued interest (if any) to such date, *provided that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts, were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this Condition 5.4, the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer stating that the requirement referred to in subparagraph (i) above will apply on the next Coupon Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Bondholders.

- 5.5 **Redemption at the option of Bondholders:** If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Bond redeem such Bond on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 5.5, the holder of a Bond must, not less than thirty (30) nor more than sixty (60) days before the relevant Optional Redemption Date (Put), deposit with the Trustee or Registrar the CSD statement of stockholding of the Bond; and a duly completed Put Option Notice in the form obtainable from the Registrar. The Trustee or Registrar with which a Bond or CSD Statement of stockholding is so deposited shall deliver a duly completed Put Option Receipt to the depositing Bondholder. No Bond, once deposited with a duly completed Put Option Notice in accordance with this Condition 5.5 may be withdrawn, provided, however, that if, prior to the relevant Optional Redemption Date (Put), an Event of Default shall have occurred and be continuing in which event such Bondholder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Bond forthwith due and payable pursuant to Condition 13 (Events of Default) For so long as any outstanding Bond is held by the Trustee or Registrar in accordance with this Condition 5.5, the depositor of such Bond and not the Trustee or Registrar shall be deemed to be the holder of such Bond for all purposes.
- 5.6 **Purchase:** The Issuer may at any time and from time to time purchase at any price Bonds through the market or by tender (available to all Bondholders alike) but not otherwise. Any Bond so purchased will be cancelled and will not be available for re-issue.
- 5.7 **Cancellation:** All the Bonds which are redeemed in accordance with the provisions of this Programme Trust Deed will be cancelled and may not be reissued or resold. For so long as the Bond is admitted to listing and/or trading on a Recognised Stock Exchange and the rules of such exchange so require, the Registrar shall promptly inform the Recognised Stock Exchange of the cancellation of any Bonds under this Condition 5.7 (Cancellation).

6. **Interest and Calculation**

6.1 **Accrual of Interest:** The Bonds (save for Zero Coupon Bonds) will bear interest from and including the Interest Commencement Date at the Coupon Rate payable in arrears on its Principal Amount Outstanding. Each Bond will cease to bear interest from and including the due date for final redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the Coupon Rate in the manner provided in this Condition until the date on which all amounts due in respect of such Note have been paid and notice to that effect has been given to the Bondholders.

6.2 **Interest on Fixed Rate Bonds:**

- (a) The Fixed Rate Bonds (being those Bonds that specify the interest is payable at a fixed rate) shall bear interest on the Principal Amount Outstanding at the rate of interest specified in the applicable Final Terms from (and including) the Interest Commencement Date specified in the applicable Final Terms to (but excluding) the Maturity Date. Coupon shall be payable in arrears on the Coupon Payment Date in each year. The first payment of interest will be made on the Coupon Payment Date following the Interest Commencement Date (specified in the applicable Final Terms) and, if the first anniversary of that Interest Commencement Date is not a Coupon Payment Date, the first payment of interest shall be as specified in the applicable Final Terms.
- (b) If the Maturity Date is not a Coupon Payment Date, interest from (and including) the preceding Coupon Payment Date (or the Interest Commencement Date specified in the applicable Final Terms, as the case may be) to (but excluding) the Maturity Date will amount to the final broken amount as specified in the applicable Final Terms. If interest is required to be calculated for a period of other than a full year, such interest shall be calculated on the basis of the actual number of days elapsed divided by 365 or such other method as described in the applicable Final Terms.

6.3 **Interest on Floating Rate Bonds:**

- (a) The Floating Rate Bonds (being those Bonds that specify the interest is payable at a floating rate) shall bear interest on its Principal Amount on such basis as may be described in the applicable Final Terms by reference to a specified floating rate benchmark plus a margin, as described in the applicable Final Terms.
- (b) The Floating Rate Bonds shall bear interest on its Principal Amount Outstanding from (and including) the Coupon Commencement Date (specified in the applicable Final Terms) at the rate equal to the Coupon Rate payable in arrears on the Coupon Payment Date(s) specified in the applicable Final Terms.
- (c) The Coupon payable from time to time in respect of each of the Floating Rate Bonds will be determined in the manner specified in the applicable Final Terms.

6.4 **Index Linked Coupon Bonds:** The Coupon Rate applicable to any Series of Bonds may be specified as being linked to an index and/or formula or to changes in the prices of securities or commodities or to such other factors as may be prescribed in the applicable Pricing Supplement, and the amount of interest payable in respect of such Bonds for any Interest Period shall be the relevant Coupon specified in or determined in accordance with, the applicable Final Terms.

6.5 **Zero Coupon Bonds:**

- (a) Zero Coupon Bonds will be issued at an issue price such that the yield to maturity is reflected in the difference between the discounted issue price and the Final Redemption Amount of such Zero Coupon Bond as specified in the Final Terms and/or Series Trust Deed. Zero Coupon Bonds will not bear Coupon other than in the case of late payment.
- (b) Where any Series of Bonds specified to be Zero Coupon Bonds is repayable prior to the Maturity Date or other date for redemption and is not paid when due, the amount due and payable prior to the Maturity Date shall be an amount equal to the sum of the applicable Redemption Amount and an amount calculated by applying the Coupon Rate for any overdue principal of such a Bond to the Principal Amount Outstanding and multiplying the product with the Day Count Fraction, or such other methods as described in the applicable Final Terms.

6.6 **Calculation of Interest:**

- (a) The Coupon payable in respect of each Bond (save for Zero Coupon Bonds) for an Interest Period shall be specified in (an amortisation/payment schedule appended to), or determined in accordance with, the applicable Final Terms. The amount of interest payable in respect of any Bond for any period shall be calculated by multiplying the product of the Coupon Rate and the Principal Amount Outstanding of such Bond by the Day Count Fraction and rounding the resulting figure to the nearest sub unit of the Naira.
- (b) For the Purposes of Condition 6.6(a): "**Day Count Fraction**" means in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these conditions or the relevant Final Terms and:
 - (i) if "Actual/365" or "Actual/Actual" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
 - (ii) if "Actual/365 (Fixed)" is so specified, means the actual number of days in the Calculation Period divided by 365; and

- (iii) if "Actual/360" is so specified, means the actual number of days in the Calculation Period divided by 360.
- (c) **Business Day Convention:** If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day convention would otherwise fall on a day that is not a Business Day, then, if the Business Day convention specified is (a) the Floating Rate Business Day convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (b) the following Business Day convention, such date shall be postponed to the next day that is a Business Day, (c) the modified following Business Day convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (d) the preceding Business Day convention, such date shall be brought forward to the immediately preceding Business Day.

7. Payments

- 7.1 Subject to Condition 11 (*Taxation*), any principal, interest or other moneys payable on or in respect of any Bonds may be paid by the Trustee through the Registrar by electronic payment transfer.
- 7.2 Payments will be made to the person shown in the Register at the close of business on the Record Date as defined in Condition 2.7. Where the day on which a payment is due to be made is not a Business Day, that payment shall be effected on or by the next succeeding Business Day unless that succeeding business day falls in a different month in which case payment shall be made on or by the immediately preceding Business Day.
- 7.3 The Registrar shall give to the Bondholders not less than thirty (30) days' notice in writing of the time and mode for repayment of the Bonds to be redeemed and each such notice shall state the amount of the Bond for redemption.
- 7.4 The CSD rules and procedure will apply to exchange of the CSD statement of stockholding in the case of payment of the relevant Redemption Amount in respect of dematerialized Bonds. Whenever any part of the Bond is redeemed a proportionate part of each holding of the Bond shall be repaid to the Bondholders.
- 7.5 The Bonds shall be deemed redeemed and the obligations of the Issuer discharged on payment to the Trustee, on behalf of the Bondholders, of the Principal Amount Outstanding on the Bonds to the Bondholders whose names appear on the Bond Register on the Record Date. Payment by the Issuer to the Trustee shall be a legal discharge of the liability of the Issuer towards the Bondholders from all obligations in connection with the Bonds.

8. **Priority of Payments.** All moneys received by the Trustee in respect of the Bonds or amounts payable under the Programme Trust Deed or Series Trust Deed shall, despite any appropriation of all or part of them by the Issuer, be held by the Trustee on trust and shall be applied by the Trustee:

in payment or satisfaction of such reasonable costs, charges, expenses and liabilities incurred by the Trustee in the performance of its obligations under this Programme Trust Deed (including remuneration of the Trustee);

in or towards payment *pari passu* and rateably of any amounts due but unpaid in respect of the Bonds of that Series or Tranche;

in or towards payment *pari passu* and rateably of any amounts due but unpaid in respect of the Bonds of other Series or Tranche; and

to pay the balance (if any) to the Issuer and the Sponsor or such other person entitled to it.

If the Trustee holds any moneys in respect of Bonds which have become void, or in respect of which claims have become prescribed, the Trustee shall apply them in accordance with the order of payment set out above.

9. **Receipts for Money Paid.** If several persons are entered in the register as joint holders of any Bond, the receipt of any of such persons for any Coupon or principal or other money payable on or in respect of such Bond shall be as effective a discharge to the Issuer as if the person signing such receipt were the sole registered holder of such Bond.
10. **Freedom from Equities.** The Bondholder will be recognised by the Issuer as entitled to the Bonds free from any equities, set-off or cross-claim on the part of the Issuer against the original or any intermediate holder of the Bonds.
11. **Taxation.** All payments of principal, interest and any other sum due in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any Taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Federal Republic of Nigeria or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, no additional amounts shall be paid to the Bondholders as a result thereof. Provided however that the Bonds shall enjoy the benefits of the provisions of the Tax Exemptions, and such extension, amendments and modifications thereof.

12. **Covenants of the Obligors:**

Each Obligor undertakes that:

- 12.1 **Financial statements:** It shall send to the Trustee, the Rating Agency and the Registrar copies of:
- (a) as soon as the same becomes available, but in any event within 90 days after the end of each Financial Year, its audited financial statements for that Financial Year;

- (b) as soon as the same becomes available, but in any event within 45 days after the end of each financial quarter, its unaudited financial statements for that financial quarter; and
- (c) (if the same are produced) as soon as practicable after their date of publication copies of every report or other notice, statement or circular, issued to its shareholders and creditors or to holders of securities other than shareholders as soon as practicable after the issue or publication thereof,

and procure that the same are made available for inspection by Bondholders at the Specified Offices of the Registrar as soon as practicable thereafter.

13. **Events of Default.** If any of the following events ("**Events of Default**") occurs and is continuing, the Trustee may at its discretion and shall, upon the request in writing of the registered holders of at least one-fifth (1/5th) of the nominal amount of the Bonds for the time being outstanding or upon being so directed by an Extraordinary Resolution by notice in writing to the Issuer declare the Bonds to have become immediately repayable:
- 13.1 **Payment Default:** The Obligors do not pay any amount in respect of the Bonds of the relevant Series or any of them within ten (10) Business Days of the due date for payment; or
 - 13.2 **Breach of Condition 12:** The Obligors do not comply with their obligations under Condition 12; or
 - 13.3 **Breach of other Obligations:** The Obligors do not comply with their other obligations under this Programme Trust Deed or in respect of the Bonds of any Series and, if the non-compliance can be remedied, does not remedy the non-compliance within fourteen (14) days after written notice requiring such default to be remedied has been delivered to the Issuer by a Bondholder or by the Trustee on behalf of the Bondholders; or
 - 13.4 **Cross Default:** Any Indebtedness in excess of N5,000,000,000 (Five Billion Naira) (or its equivalent in any other currency) of any Obligor in respect of money borrowed or raised is not paid within 10 Business Days of: (i) its due date; or (ii) the end of any applicable period of grace, whichever is the later; or the Indebtedness of any Obligor of a value exceeding N5,000,000,000 (Five Billion Naira) (or its equivalent in any other currency) in aggregate is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described) and such event shall be certified in writing by the Trustee to be in its opinion materially prejudicial to the interest of the Bondholders.
 - 13.5 **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any substantial part of the property, assets or revenues of an Obligor and is not discharged or stayed within sixty (60) days thereof; or
 - 13.6 **Insolvency:** An Insolvency Event occurs in respect of an Obligor; or

- 13.7 **Cessation of Business:** Any Obligor ceases to conduct all or substantially all of its business as is now conducted or changes all or substantially all of the nature of such business or merges or consolidates with any other entity without the prior written consent of the Trustee pursuant to Clause 10.30 of the Programme Trust Deed; or
- 13.8 **Obligations Unenforceable:** any of the Bonds, the Trust Deeds is or becomes wholly or partly void, voidable or unenforceable; or
- 13.9 **Creditors' process:** Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of an Obligor having an aggregate value of N5,000,000,000 (Five Billion Naira) (or its equivalent in any other currency) and is not discharged within ninety (90) days or is not legally challenged within the time prescribed by law; or
- 13.10 **Material Adverse Change:** any event or circumstance occurs which the Trustee reasonably believes might have a Material Adverse Effect,

PROVIDED that the Bond shall not be declared immediately payable unless: (a) on the occurrence of any event specified in sub-clauses 13.1, 13.3, 13.4 and 13.5, the Trustee shall have first served on the Issuer or the Sponsor, a preliminary notice requiring the Obligor(s) as the case may be to pay the principal or interest in arrears or to remove, discharge or pay out to the satisfaction of the Trustee such distress, execution or process or to perform and observe the covenant or provisions the breach whereof has been committed or threatened and the Obligors shall have failed or neglected for a period of five (5) days to comply with such notice; and (b) in the case of any event specified in sub-clauses 13.6 and 13.8, the Trustee shall have certified in writing to the Issuer that the Event of Default is, in its opinion, materially prejudicial to the interests of the Bondholders.

14. **Enforcement.** Only the Trustee may enforce the provisions of this Programme Trust Deed. No Bondholder shall be entitled to proceed directly against the Obligors to enforce the performance of any of the provisions of this Programme Trust Deed unless where Bondholders holding seventy-five (75) per cent of the Principal Amount Outstanding of the Bonds have requested the Trustee in writing to exercise the powers granted and, the Trustee having become bound as aforesaid to take proceedings fails or refuses to proceed within twenty-one (21) days and such failure is continuing, in which event any such Bondholder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute proceedings against the Obligor to enforce the performance of any of the provisions of this Programme Trust Deed to the same extent that the Trustee would have been entitled to do so in respect of the Bonds held by him.
15. **Meetings of Bondholders, Modification and Waiver of Breach**
- 15.1 **Convening Meeting of Bondholders:** The rights and duties of the Bondholders in respect of attendance at meetings of Bondholders are set out in this Programme Trust Deed (*Provisions for Meetings of Bondholders*). Decisions taken at Bondholders meetings may only be exercised by the Trustee in accordance with this Programme Trust Deed or under these Conditions. For the avoidance of doubt, the Conditions of the Bond can only be amended with the consent of the parties as that term is defined in clause [●] of the Programme Trust Deed and the prior approval of the SEC.

15.2 **Modifications and Waiver:** The Trustee may agree: (i) upon the giving of prior written notification by the Issuer to the Rating Agency which has assigned a credit rating to the relevant Series or any Bonds comprised therein; and (ii) without the consent of the Bondholders of any Series, to:

- (a) any modification of any of the provisions of the Trust Deed or the Conditions that is of a formal, minor or technical nature or is made to correct a manifest error; and
- (b) any other modification (except as mentioned in the Trust Deed) and any waiver or authorisation of any breach or proposed breach of any of the Conditions or any of the provisions of the Trust Deed which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Bondholders of that Series.

Provided that:

- (i) the Issuer has notified the Rating Agency and the Rating Agency has confirmed that such modification will not affect the then current ratings of the Bonds; and
- (ii) prior consent of the SEC has been given; or
- (c) any modification to this Programme Trust Deed which is required or necessary bringing this Programme Trust Deed in compliance with Applicable Law.

Any such modification shall be binding on the Bondholders and shall be notified by the Issuer to the Bondholders as soon as practicable, but subject to the SEC being notified, and the Recognised Stock Exchange as soon as practicable thereafter.

16. **Rights Against Predecessors-in-Title.** Except as required by law the Issuer will recognise the registered holder of any Bonds as the absolute owner thereof and shall not be bound to take notice or see to the execution of any trust whether express, implied or constructive to which any Bonds maybe subject, and the receipt by such registered holder, or in the case of joint registered holders the receipt by any of them, of the interest from time to time accruing due for any other moneys available in respect thereof shall be a good discharge to the Issuer notwithstanding any notice it may have whether express or otherwise of the right, title, interest or claim of any other person to or in such Bonds interest or moneys. Notice of any trust express or constructive shall not be entered on the Register in respect of any Bonds.

17. **Further Issues.** Subject to Condition 4 (*Negative Pledge*), the Issuer may from time to time create and issue further Bonds either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single Series with the outstanding Bonds of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other Bonds issued pursuant to this Condition and forming a single series with the Bonds.

18. Notices

18.1 Any notice or other document may be given to or served on any Bondholder either personally or by sending it by post in a prepaid envelope or delivering it addressed to him at his registered address or (if he desires that notices shall be sent to some other persons or address) to the person at the address supplied by him to the Issuer for the giving of notice to him.

18.2 In the case of joint registered holders of any Bonds a notice given to the Bondholders whose name stands first in the Register in respect of such Bonds shall be sufficient notice to all the joint holders.

18.3 Any notice or other document duly served on or delivered to any Bondholder under these Conditions shall (notwithstanding that such Bondholder is then dead or bankrupt or that any other event has occurred and whether or not the Issuer has notice of the death or the bankruptcy or other event) be deemed to have been duly served or delivered in respect of any Bond registered in the name of such Bondholder as sole or joint holder unless before the day of posting (or if it is not sent by post before the day of service or delivery) of the notice or document his name has been removed from the Register as the holder of the Bond and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or claiming through or under him) in the Bond.

18.4 Any notice, or other communication may be given to the Trustee hereunder by sending the same through the post in a prepaid letter addressed to:

(a) If to **Stanbic IBTC Trustees Limited**, to it at:

The Wealth House
Plot 1678 Olakunle Bakare Close
Off Sanusi Fafunwa Street
Victoria Island
Lagos

Tel: +234 803 300 9192 ; 014221313 ; 08187238223; 014221374

For the Attention of: Seyi Egbarin/Temitope Onabowale

Email: SITLAgency@stanbicibtc.com

18.5 Any notice, or other communication may be given to the Obligor by sending the same through the post in a prepaid letter addressed to:

(a) If to **Novambl Investments SPV Plc**, to it at:

121/123 Funso Williams Avenue,
Iponri
Lagos State
Nigeria.

For the Attention of: [●]

Email: [●]

(a) If to **Nova Merchant Bank Limited**, to it at:

23 Kofo Abayomi Street,
Victoria Island
Lagos State
Nigeria.

Tel:

For the Attention of: [●]

Email: [●]

18.6 Any notice shall be deemed to have been served on the day following that on which the letter containing the notice is posted and in proving such service it shall be sufficient to prove that the envelope containing the notice or the notice itself was properly addressed, stamped and posted. Any notice given by delivery otherwise than by post shall be deemed given at the time it is delivered to the address specified.

(a) Any accidental error, omission or failure in giving or delivering or mailing such notice or the non-receipt of any such notice by a Bondholder shall not invalidate or otherwise prejudicially affect any act, action or proceeding.

Provided that in each case, any notice given to any Bondholder, the Trustee or the Obligors by way of publication in two Nigerian national dailies will suffice as sufficient notice.

19. Governing Law and Jurisdiction

19.1 **Governing Law:** The Bonds and all rights and obligations arising from or connected with the Bonds are governed by, and shall be construed in accordance with, Nigerian law.

19.2 **Jurisdiction:** The provisions of clause 24 (*Law and Jurisdiction*) of this Programme Trust Deed shall apply mutatis mutandis to these Conditions.

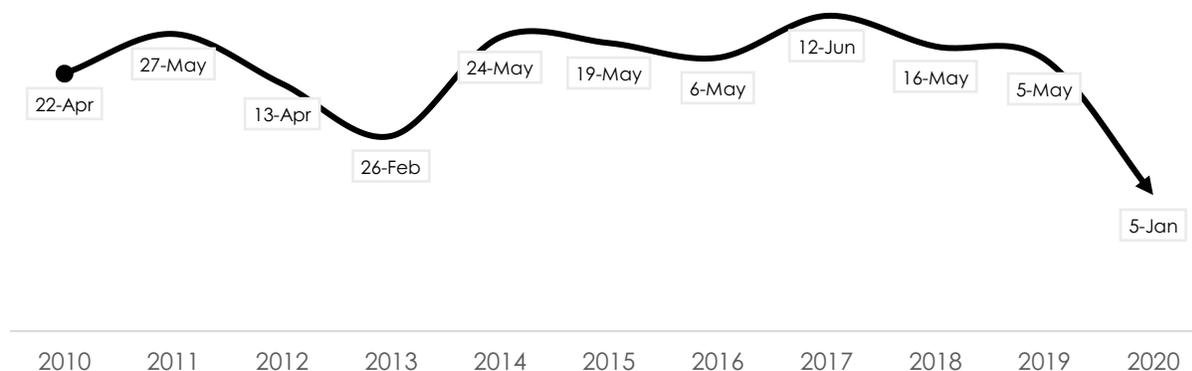
INTRODUCTION

Economic outcomes in Africa's giant, Nigeria has continued to show signs of improvement, despite concerns around pre-&-post 2019 general election uncertainties. Thankfully, election risks are out of the way and economic activities have resumed fully. For instance, remarkable progress has been achieved in perhaps the some of the most important and contested bills recently submitted to the senate; the Minimum Wage Bill, the 2020 Appropriation Bill, the Petroleum Industry Governance Bill (PIGB), and more recently the Finance Bill.

POLICIES & REFORMS

President Muhammadu Buhari was reported to have signed the National Minimum Wage Bill (which recommends ₦30,000 as the new national minimum wage) into law. To finance the expected increase in the personnel cost and douse the growing concern around debt sustainability in the country, the ministry of finance recently launched strategic revenue growth initiative (SRGI) to bolster government revenue. As a follow-up, the finance bill, which seeks to review all Tax Acts in Nigeria, was sent to the senate. More specifically, the finance bill is designed with the objective to reform domestic tax laws, promote fiscal equity, incentivize investments in infrastructure & capital markets, support small businesses and raise revenues for the Government. Also, the PIGB has now been re-passed by the National Assembly in accordance with the observations and recommendations of the president, who voted the bill in 2018 because of legislative drafting concerns. Accordingly, we expect the newly passed version of the bill to be given some level of consideration by the presidency this time around. Still on the bills, the 2020 Appropriation bill has been passed by the Senate, though it would still have to face the final hurdle of a Presidential assent. However, with the early passage of the bill, fiscal cycle in Nigeria is expected to revert to January to December unlikely the traditional July to June experienced for more than a decade now.

Historical dates of Budget Passage in Nigeria



Source: United Capital Research

Other ongoing reform efforts in Nigeria included the recent effort to enforce stiffer control on land borders by getting neighboring countries to do their part to curb smuggling, the passage of the Deep Offshore and Inland Basin Production Sharing Contract Amendment Act 2019 and the reduction of NNPC's stake in JVCs, amid renewed commitment of the Apex bank to boost money supply in the system, reduce borrowing rates and private sector credit.

GROSS DOMESTIC PRODUCT

Nigeria enjoyed a sustained high single-digit economic growth from 2005 to 2015, averaging a growth rate of 5.73%. The main driver of growth has been the non-oil sector, contributing c.92.4% to GDP in 2018, whilst the oil sector contributed c.8.6% over the same growth period. Despite the low contribution to GDP, the oil and gas sector remains critical to the development of the country as oil proceeds account for c.95% of exports earnings, over 90% accretion to external reserves and about 70% of government revenue in Nigeria, according to the CBN.

The Nigerian Economy slipped into a recession in 2016 following a global oil market rout. The economy recovered mildly in 2017 and remained fairly stable as Q4-2018 GDP numbers published by the National Bureau of Statistics (NBS), showed a pace of real GDP expansion of 2.4% Y-o-Y (from 1.8% in Q3: 2018). Notably, the expansion was driven by the continued growth in the Agriculture, Manufacturing, Trade and Services sectors among others, amid mild improvements in oil sector GDP. The NBS reported that average daily oil production dipped to 1.91mbpd - a slightly lower output when compared with 1.94mbpd and 1.95mbpd produced in Q3-18 and Q4-17 respectively. GDP growth in the non-oil sector of the economy continued to trend northwards, recording a 2.70% growth in the fourth quarter of 2018, relative to 2.32% recorded in the third quarter of 2018 and 1.45% recorded in the fourth quarter of 2017.



Source: Nigerian Bureau of Statistics

Over the course of 2019, GDP growth continued its gradual uptick, printing a 2.28% growth as at Q3-19. Notably, GDP growth was weaker in Q1-19 and Q2-19 compared to the Q4-18 as electioneering and political activities moderated economic momentum in H1-19.

THE ECONOMY: OUTLOOK IS POSITIVE

In 2020, GDP growth is expected to maintain a gradual uptick amid recent policy initiatives being implemented by both the fiscal and monetary policy authorities. Again, oil prices, which predicated economic outcomes in the Nigerian economy, is expected to average \$60-\$66/b, supported largely by OPEC's supply cut. We expect 2019 GDP to settle at 2.3%y/y predicated on sustained uptrend in oil GDP and gradual uptick in the non-oil sector.

In the longer term, outlook for the economy over the next 4 years is positive as President Buhari's victory signals policy stability. Clearly, the administration will continue to invest in infrastructure, sustain its welfare scheme, reinforce the drive to substitute imports for local production, and retain

its intervention programs across the Agriculture, Power and the SMEs space by building on its Economic Recovery and Growth Plan (ERGP). Accordingly, we expect GDP growth to sustain a gradual uptick over the next four years, rising from 2.0% to 3.5% or more over the period.

To achieve an above 2.1% GDP growth, we believe there is the need to identify strategic sectors with the highest potential to drive inclusive and sustainable growth in the economy, implement pro-market policies and accelerate infrastructure development.

There is an expectation that investment in infrastructure such as power projects, rail projects, roads, and similar social amenities will continue in a bid to bridge the infrastructure gap. Again, the drive to diversify government revenue via improving the efficiency of tax authorities (such as the FIRS, Customs and Ports Authorities), support SMEs and boost job creation - through intervention in the Agric sector - will continue. Finally, efforts to ease doing business in Nigeria, via the initiatives of the Presidential Enabling Business Environment Council (PEBEC), by reviewing the bureaucracies and red tapes within the civil service and other government agencies, should be more obvious going forward.

Inflation & Interest Rate

An historical examination of the trajectory of inflation in Nigeria shows that the rate started another phase of a sharp increase in 2000 - from a record low of 2.4% in May-2000, touching a record high of 28.2% in Aug-2005, attributed to increasing levels of fiscal deficit during these periods. However, the rate moderated to a single digit of 9.7% in 2015 on the backdrop of the implementation of sound monetary policies by CBN as well as increase in agricultural output which was able to meet up growing demand during these periods. Over the last two years, headline inflation has sustained a moderation amid increasing FX inflow and stability in the currency market. Accordingly, headline inflation bottomed at 11.06% in August 2019 but climbed to 11.85% in November 2019 respectively, still falling short of the CBN target of single digit inflation rate between 6-9%.

In the monetary policy space, the CBN, through its Monetary Policy Committee (MPC) has over the years been using its Monetary Policy Rates (MPR) as a way to ensure price stability in the economy. Notably, the CBN was able to achieve its target of a single digit inflation rate for 3 years straight from Jan-2013 through Nov-2015. The interest rate, which was held at 14% by the MPC for about 33 months since Jul-16, coupled with the introduction of the Investors & Exporters FX window in April-17, among other reforms, drove stability in general price level with the headline inflation moderating downward to a low of 11.31% in Mar-19. However, in view of price stability hitherto achieved as well as the aim to boost the level of economic activities, the CBN in its March 2019 MPC meeting held decided to cut interest rate by 50bps to 13.50% while holding other monetary policy rates constant. In October 2019, the CBN opted to stop the sales of OMO bills to non-banks corporates and individuals in the domestic economic as means of driving market interest rate lower while compelling banks to maintain a minimum loan to deposit ratio of 65% to boost credit to the private sector.

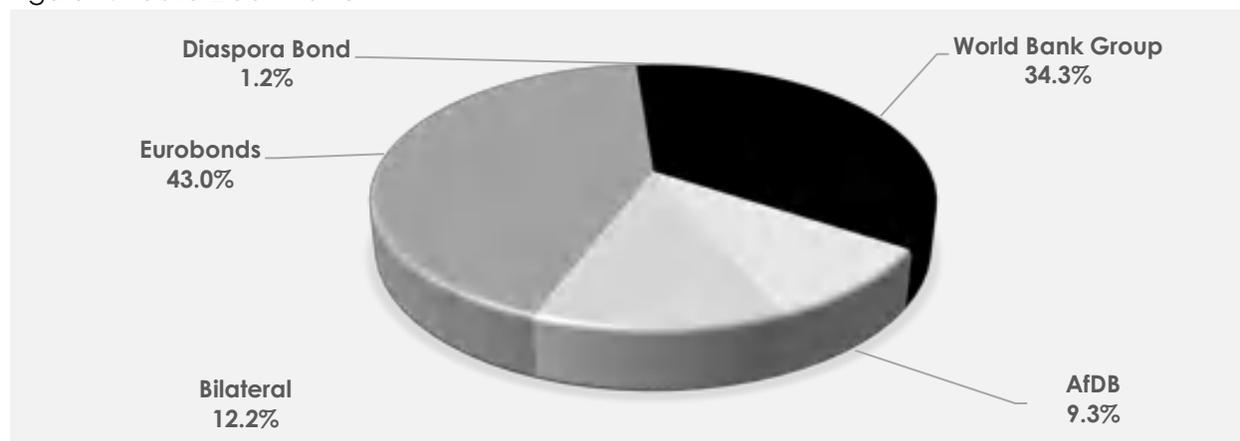
In terms of outlook for inflation, we expect the rate to remain above the CBN's single digit target of 6-9% highlighting the inflationary pressures that may come from the implementation of the new minimum wage policy, possible hikes in electricity costs to resolve the issues facing the power sector and increased system liquidity.

Debt

According to the Debt Management Office (DMO), Nigeria's total public debt increased from N21.73 trillion in December 2017 to N25.7 trillion at the end June 2019, FGN's outstanding debt alone settled at N20.4trillion. This Increase was largely driven by a sharp increase in external debt amid fast-rising budget deficit. The DMO noted that the debt figures reflected the impact of the implementation of the debt management strategy, which entailed substituting high-cost domestic debt with low-cost external debt. Particularly, the DMO raised \$5.3bn in Eurobonds over 2018, thereby reflecting that some measure of investor confidence has been restored. However, the Eurobond issuance brought the country's outstanding Eurobond obligation to \$11.2bn. We note that Nigeria's external debt increased by \$10.7bn (majorly driven by Eurobonds worth \$7.0bn) to \$22.1bn between 2016 in H1-18 while the domestic component stood at N15.6tn as at Jun-18.

In a bid to diversify funding sources for the Government, the DMO introduced the FGN Savings Bonds, a retail savings product designed to be accessible to all income groups, in March 2017. The Bonds are to be issued monthly in tenors of 2 and 3 years with quarterly interest payments. Also, the DMO successfully raised the first Diaspora Bonds in June 2017, a total of US\$300m was offered at a coupon rate of 5.625% for a 5-year tenor. Similarly, the Sovereign Sukuk Bond worth N100bn for a tenor of 7 years was launched in September 2017. More recently, the DMO extended the domestic bond yield curve by 10-year to 30-year.

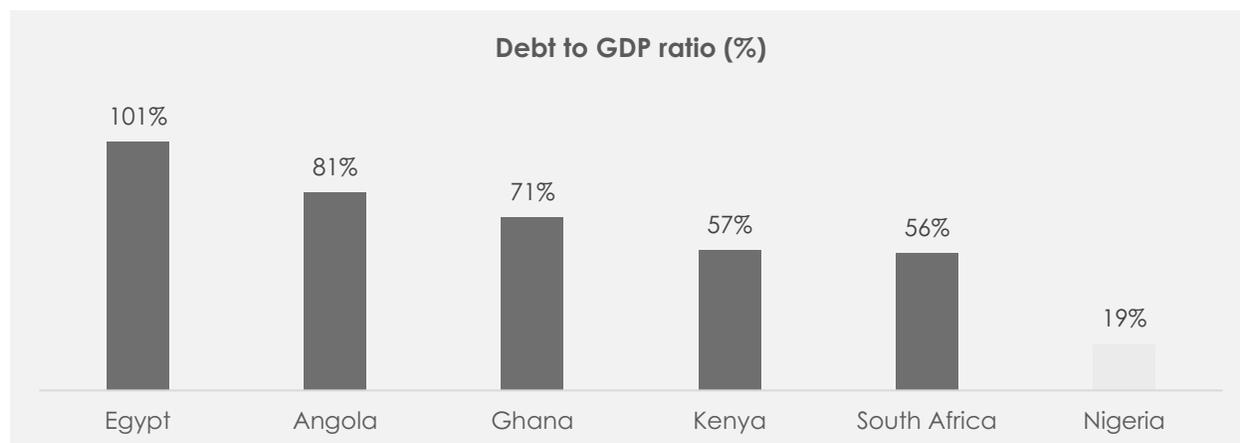
Figure 1: Public Debt Profile



Source: Debt Management Office

OVERVIEW OF THE NIGERIAN ECONOMY

In spite of the recent rise in public debt, Nigeria enjoys healthy debt sustainability and maintains one of the lowest Debt-to-GDP ratio among Sub-Saharan African countries and other emerging market economies as presented in the following chart:



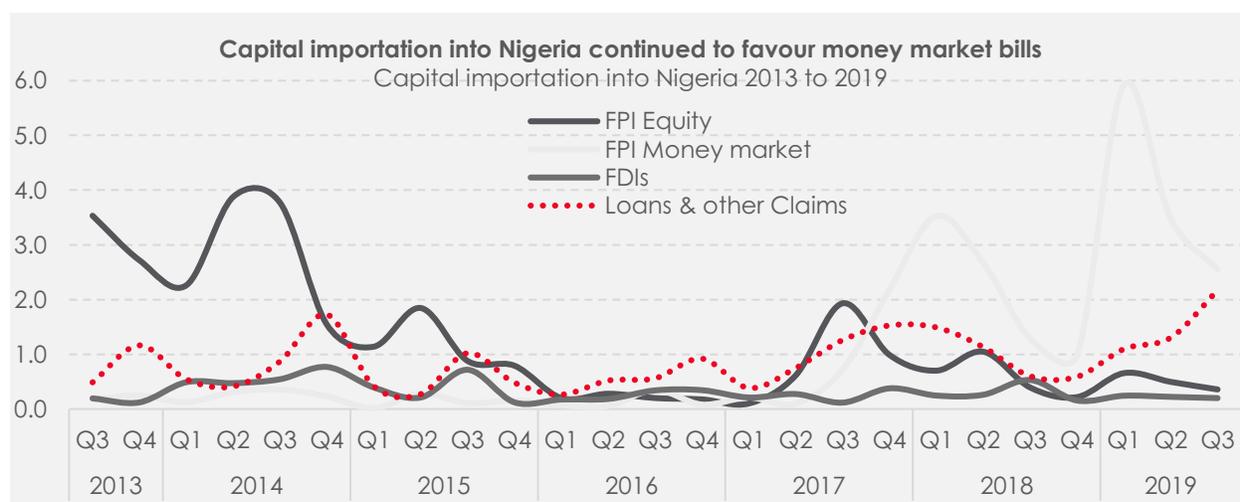
Source: Trading Economics

Foreign Direct Investment

Foreign Capital Imported into Nigeria grew by 37.5%/y to settle at \$16.8bn – it's highest since 2014 - as the overall economy also recorded gradual improvements.

A review of foreign capital inflow into Nigeria since 2013 suggests that the bias of foreign capital into Nigeria has historically tilted in favour of portfolio investments (FPIs). However, this has shifted from interest in equities between 2013 and 2017 (with 2016 as an exception) to low risk but high yielding money market instruments from 2018 to 2019. However, while the quantum of Foreign Direct Investments (FDIs) have remained broadly low relative to other components from 2014 to Q3-19, from an average of \$515.0mn per quarter in 2014 and 2015 to \$250.0mn since 2016, capital flows inform of loans and other claims have continued to rise.

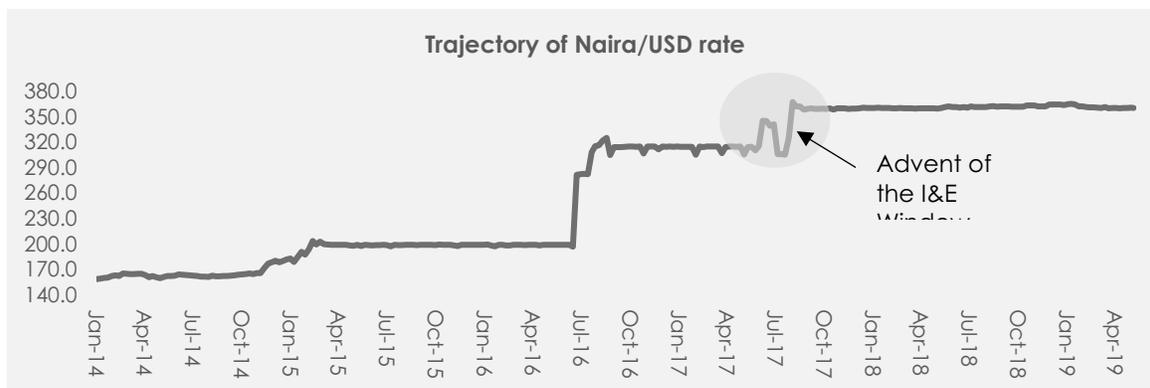
On an annual basis, FDI flow edged higher by 21.7%/y to \$1.2bn in 2018, recovering to a 3-year high after the decline recorded in 2017. Meanwhile, Foreign Portfolio Investment also improved by 61.0% to settle at \$11.8bn. Indication are sustained improvement in the overall economy will sustain the inflow for foreign capital into the system going forward.



Source: NBS

Foreign Exchange and Currency Reserves

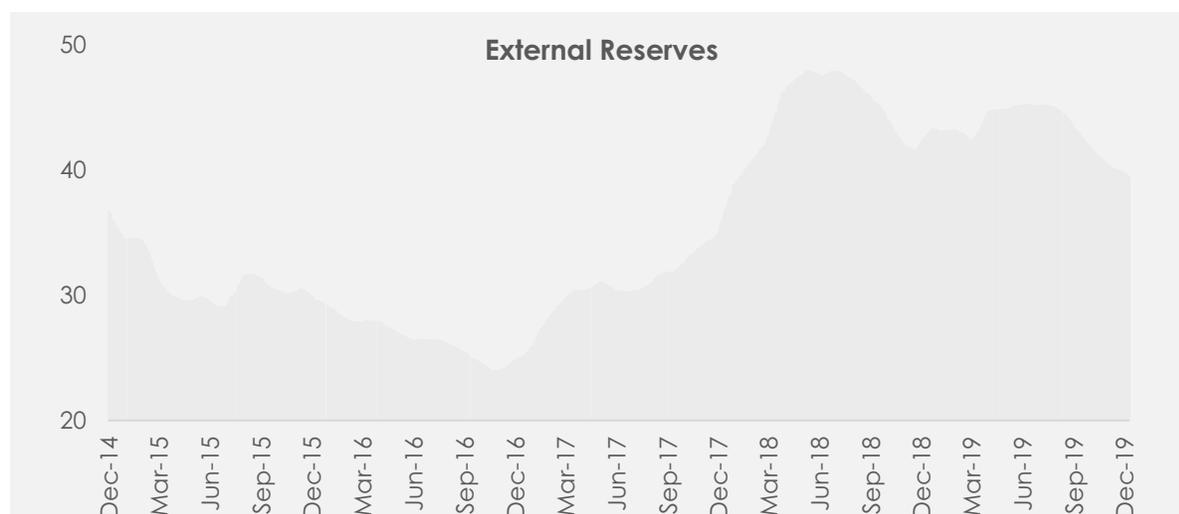
Before mid-2016, the Central Bank of Nigeria adopted a rigid exchange rate system, keeping rates dollar at c. N198.1/\$1. Nevertheless, by June 2016, the CBN shifted its goal post and pegged the official NGN/USD at C. N280.0/\$1. Still, falling crude prices put pressure on external reserves and the CBN's ability to continue to maintain the fixed exchange rate, even as there was a growing disparity between the official exchange rate and the parallel market rate. Hence the CBN introduced the I & E Window in April 2017 to provide dollar liquidity and anchorage for exchange rates.



Source: Bloomberg

Between April 2017 and Dec- 2019, huge inflow has been recorded as inflows via the I & E window, with Foreign Portfolio Investors and Domestic Non-Bank Corporates accounting for the bulk of transaction while the CBN continues to intervene to ensure stability of the exchange rate. The CBN also holds retail and wholesale FX auctions as well as OMO auctions to maintain its stance on defending the naira. For context, OMO sales to FPIs accounts for c.50% OMO bills outstanding as the CBN continues to woo FPIs with attractive returns on OMO bills as strategy to conserve the external reserves and limit volatility of the FX rates. In addition, the CBN also maintains a list of items that are banned from sourcing FX via its windows as it sought to trigger local production of those items. The list which started as a 41-item list with items such as Rice, Cement, Vegetable Oils among others, saw the recent addition of Textile and Fertiliser. As at December 2019, rates at the Official CBN Window, I & E Window and Parallel Market stand at ₦306.7/\$, ₦360.7/\$ and ₦358.5/\$ respectively.

With sustained intervention by the CBN, Nigeria's external reserves which had expanded to \$45.0bn as at June 2019, now stands at \$39.8billion in December 2019. Overall, outlook for exchange rate in Nigeria remained stable supported by the resolve of the CBN to sustain its intervention sales at the I&E window. This is based on the huge dollar reserves of \$39.8billion at its disposal.



Source: Bloomberg, CBN

Banking Sector Review

Dynamics in the Nigerian Banking space continued to change in 2019 amid changes in the monetary policy environment. As the impact of oil price plunge between 2014 and 2016 fizzles out, asset quality appears to be improving. However, appetite for loan growth remained weak. While banks were beginning to get comfortable with massive deployment of funds to government securities, a series of unconventional monetary policy actions deployed by the apex bank to compel banks to lend to the private sector, resulted in an uptick in loan book from Q3-19. Meanwhile, muted loan growth, as well as sharp moderation in the yield environment, continued to constrain the growth of Gross Earnings. In the competitive landscape, Access Bank took the lead in terms of balance sheet size, following its consolidation with the now defunct Diamond Bank Plc. This came after the industry witnessed the regulatory takeover of Skye Bank Plc by the CBN in 2018. The sector also witnessed the licencing of new operators as the CBN approved licences for two commercial and one non-interest bank, viz.: Titan Trust Bank Limited, Globus Bank Limited and Taj Bank Limited.

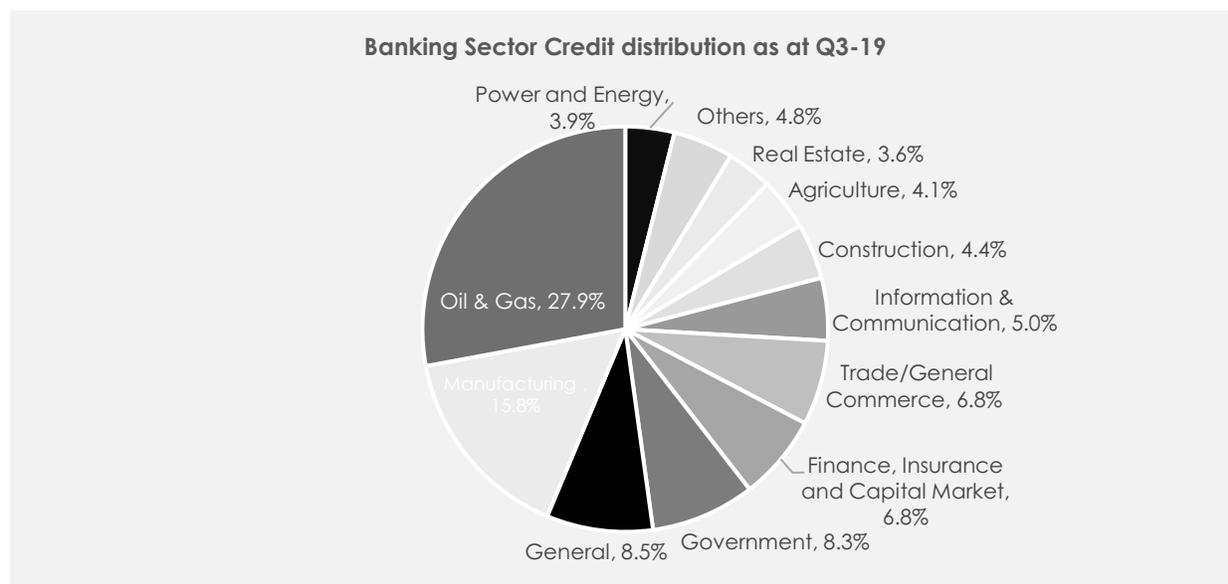
In 2020, stricter regulation on credit expansion to the real sector, further consolidation in the sector, regulatory recapitalization and stiffer competition among operators, are top factors to watch in the Nigerian banking landscape.

Regulatory Environment

A sequence of regulatory changes which affected the banks was the biggest driver of activities in the sector in 2019 and going forward. After launching the Real Sector Support Facility in 2018, the apex bank is clearly forceful in its approach at driving real sector lending in 2019. To signal the direction of policy, the Monetary Policy Committee (the MPC) voted for a rate cut from 14.0% to 13.5% in Mar-19, and then, the CBN liquidity mop-ups became less aggressive with OBB and O/N rates moderating to 11.4% in Q2-19 compared to 16.7% in Q1. In its meeting in May-19, the MPC recommended the restriction of banks participation in the debt market, followed by an administrative adjustment of the minimum LDR for Banks to 60% (and subsequently, 65.0% with speculations of further increase to 70%), with a penalty of risking 50.0% of liquid assets to a further increase in Cash Reserve Ratio (CRR) at zero interest rate. A follow-up regulation further restricted Bank deposits at the SDF window to N2.0bn from N7.5bn. For the CBN, this regulation is necessary to rebalance credit distribution in the country, which currently favours the Oil & Gas (28.0%),

Manufacturing (15.8%) and the Public (8.30%) sectors, at the expense of the more strategic sectors such as Agric (4.1%), SMEs (2.3%) and Trade & General Commerce (6.8%) sectors.

Source: CBN, NBS, United Capital Research

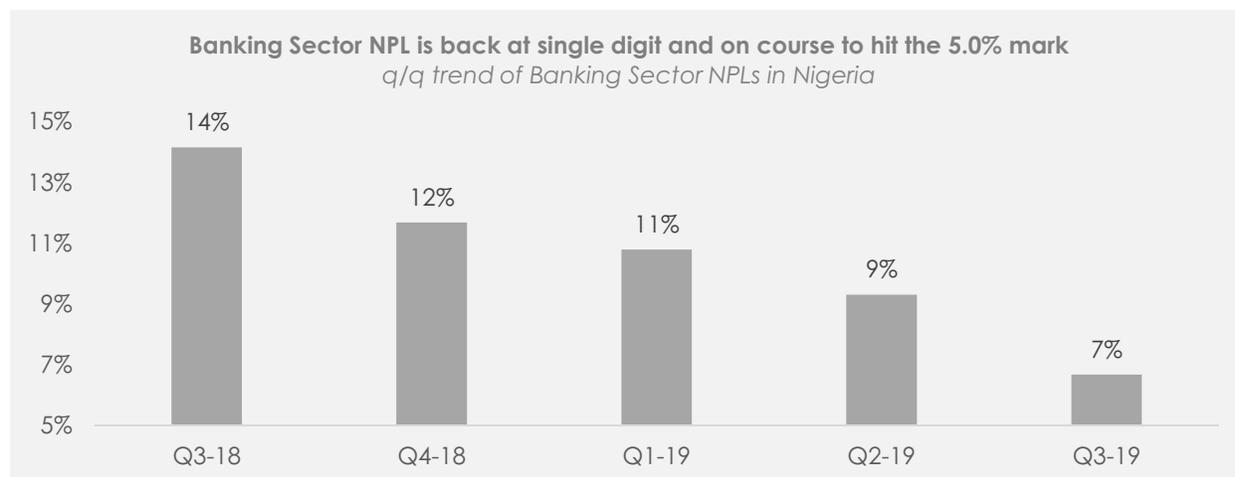


Financial Performance: Revenue, Efficiency Ratios, and Profitability

The performance of Nigerian Banks in 9M-19 remained broadly positive but was pressured by the weak macroeconomic environment. Gross Earnings (GE) was muted across the sector as of 9M-19. Evidently, muted growth in loan book alongside a moderation in the yield environment weakened y/y growth in GE across the sector to 9.2% on average. This lowered Interest Income amid unrelenting deployment of funds to financial securities at the expense of loans. Meanwhile, Non-Interest Income grew 8.6% y/y on average, attributable to stronger contribution from E-Business income. Aside E-Business income, trading income also surged in 2019 amid increased activities in the fixed income and currency market space.

Nevertheless, Nigerian Banks reported impressive after-tax profit during the period amid increased writebacks. Most operators recorded positive PBT & PAT growth in 9M-19. Aside lower impairment booking which supported bottom-line numbers, average Cost to Income Ratio (CIR) for the banks within our coverage settled at 60.1% as of 9M-19, suggesting that efficiency improved across the sector. Also, Net Interest Margin (NIM) averaged 7.1% relative to Cost of Funds (COF) which settled at 4.4% on the average as at 9M-19.

Total banking sector asset was N35.1tn as at the end of 2018, still quite low compared to Nigeria's GDP of N127.8tn (\$416.16bn). Implying that the banking sector depth (Banking Sector Assets/GDP) stood at 27.5% of GDP. Nonetheless, asset quality continues to improve as industry NPL ratio moderated to 6.8% in Q3-19 from 9.30% in Q2-19.



Source: CBN, NBS, United Capital Research

Evidently, Tier-2 banks remained very aggressive in terms of loan growth, with an average Loan to Deposit Ratio (LDR) ratio of 76.6% in 9M-19 compared to Tier-1 Banks which were broadly conservative with an average LDR ratio of 59.2%. Frustrated at the refusal of the banks, especially the tier-1 banks, to lend, the CBN revised its guideline on LDR in Jul-19 to a minimum of 60.0% (then revised to 65.0% in Oct-19) to compel the banks to lend to the private sector. According to the CBN, the new LDR rule has resulted in a 7.3% (N1.13tn) growth in credit to the private sector as the banks move to meet the CBN's target or risk being debited at zero interest rate.

While capital adequacy ratio (CAR) among many banks remained well ahead of a minimum threshold. Many Nigerian banks opted to recall their dollar liabilities in the face of growing dollar liquidity, easier monetary policy in the international market and concerns around the outlook of the local currency. For context, Eurobond redemption by Nigerian Banks totalled \$700.0bn in 2019. Notably, Zenith Bank (\$500.0m) and Diamond Bank (\$200.0mn) issuances both matured in Q1-19, taking out \$700.0mn from the corporate Eurobond capitalization. However, Access Bank (\$400.0mn), FBN Holdings (\$450.0mn), Ecobank (\$250.0mn) and Zenith (\$300.0bn) were all called in 2019. This shrank the value of outstanding corporate Eurobonds to \$1.65tn.

The evolution of Payment Service Banks (PSBs) is expected to further shape the banking sector landscape in Nigeria going forward. MTN was awarded a PSB license – super agent license through its subsidiary – Y'ello Digital Financial Services Limited. The telco is expected to leverage its customer base to deliver financial services to rural areas in Nigeria in a plan to include the financially excluded. The increasing evolution of momentum in the digital banking space is also expected to gain more impetus, with operators such as Kuda bank luring young Nigerians with stress-free banking. Pay-Day Loan (PDL) service providers are also worth a mention, with many of them flooding the market with numerous collateral free credit to individuals. With tighter regulation by the apex bank for deposit money banks to expand credit to the consumer space, the large banks are becoming increasingly innovative in their product offerings to actively incubate parallel start-up type lending platforms to compete with these evolving operators. While the evolution of these Pay Day Loan operators will continue in 2020, it is important to note that these innovations will continue to rely largely on the existing traditional banking infrastructure.

DESCRIPTION OF NOVAMBL INVESTMENTS SPV PLC

The Information in this section has been extracted from documents and publications available and released by the Issuer. Neither the Issuer nor its advisers are able to ascertain if facts have been omitted that would render the reproduced information inaccurate or misleading.

Introduction

NOVAMBL Investments SPV PLC was incorporated in Nigeria on 18th day of December 2019 (with Registration Number 1642580) as a public limited company under the name "NOVAMBL Investments SPV PLC" and with Registered Address at 121/123, Funso Williams Avenue, Iponri Lagos. The Issuer has no subsidiaries and has been established as a special purpose vehicle for the purpose of passing through funds to and receiving funds from Nova Merchant Bank Limited

NOVAMBL Investments SPV PLC has an authorised and issued share capital of N1,000,000 divided into 1,000,000 ordinary shares of ₦1.00 each with 999,999 ordinary shares held by Leadway Capital and Trusts Limited (representing 99.9999%) and 1 ordinary share held by Oduoza Philips (representing 0.0001%).

As set out in Clause 3 of its Memorandum and Articles of Association the principal objectives of the Issuer, amongst other things, is to secure repayment of any monies borrowed, raised or owing the company by mortgage, charge or lien upon the whole or any part of the Company's property or assets.

Principal Activities

The principal activities of the Issuer to borrow or raise monies in such manner as the Company shall think fit, and obtain guarantees third parties of the performance by the Company of any obligation or liability the Company may undertake. Copies of the Memorandum and Articles of Association of the Issuer may be Inspected at the specified office(s) of the Issuer.

The Issuer has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and registration as a public limited company, the authorisation and issue of the Bonds and of the other documents and matters referred to or contemplated in this document to which it is or will be a party and matters which are incidental or ancillary to the foregoing.

The Issuer's activities are restricted by the terms of the Trust Deed, and other related Transaction Documents.

Directors and Secretary

The Directors and Company Secretary of the Issuer and their respective business addresses are shown below:

Name	Business Address
Sunday Oroloke	121/123, Funso Williams Avenue, Iponri, Lagos
Wuraola Ayodeji	121/123, Funso Williams Avenue, Iponri, Lagos
Hanson Olumide	121/123, Funso Williams Avenue, Iponri, Lagos

Indebtedness

The Issuer has no indebtedness as at the date of this Shelf Prospectus other than that which the Issuer has incurred or shall incur in relation to the transactions contemplated herein.

Material Contracts

Apart from the Transaction Documents to which it is a party, the Issuer has not entered into any material contracts other than in the ordinary course of its business.

No Material Adverse Change

Since the date of the Issuer's incorporation, there has been no material adverse change or any development reasonably likely to involve any material adverse change in the condition (financial or otherwise) of the Issuer.

Financial Information

Since the date of incorporation, the Issuer has not commenced operations and no financial statements have been compiled or published as at the date of this Shelf Prospectus.

Claims and Litigation

The Issuer is not and has not been since its incorporation engaged in any litigation or arbitration proceedings which may have or have had during such period a significant effect on its respective financial position. And, as far as the Issuer is aware, no such litigation or arbitration proceedings are pending or threatened.

OVERVIEW

Nova Merchant Bank Limited (“Nova MB” or the “Bank”) is a recently licensed merchant bank in Nigeria with a focus on wholesale and investment banking. It is privately owned by Nigerian and foreign institutional investors who have distinguished themselves in areas such as financial services and the real sector over several decades.

Nova MB offers several products and services including Corporate Banking, Investment Banking, Advisory Services, Securities, Wealth & Asset Management. The Bank targets private and public sector clients in addition to private individuals. Specifically, Nova MB focuses on the Oil & Gas sector, Commodity & Agricultural business, Utility & Infrastructure, Fast Moving Consumer Goods, Trade & Services and Financial Institutions.

The bank is staffed with a team of talented professionals to drive the next wave of banking revolution in financial services. The goal is to re-establish merchant banking as a key economic driver by providing long-term funds and advisory services.

Nova MB's customers are at the heart of everything the Bank makes, and its insight-data driven approach offers new perspectives to enable them win in the marketplace. The Bank is focused on building a legacy for future generations whilst continuously creating sustainable value for its stakeholders.

Nova's vision is driven by its aspiration to transform the African financial services landscape with fresh thinking and innovative solutions. The Bank believes in Africa's promise and possesses a deep conviction that this will only be achieved with an appropriate blend of international best practices and deep knowledge of the peculiarities of the African operating environment. “To be Africa's preferred financial solutions provider” is the culmination of the Bank's belief as the Bank pride itself in its ability to work with its customers to co-create products and offer tailored solutions modelled on their needs

Nova MB's mission is to create superior value in the markets it serves. The Bank is an impact-driven organisation committed to delivering tangible results to all stakeholders. Nova MB is guided in the execution of its mission by its overarching philosophy of “New Thinking. New Opportunities”. Fresh perspectives, insights and its collaborative approach enables the Bank's customers to identify and capitalise on new opportunities in order to win in the marketplace.

KEY BUSINESS ACTIVITIES

Nova MB's key business activities as detailed below cuts across wholesale banking, Investment banking, advisory services, asset management, wealth management and securities and trading

Wholesale Banking

The Wholesale Banking business segment caters to Nova Merchant Bank's relationship with other commercial, merchant, mortgage banks and other financial institutions. This segment is backed by the banking pedigree and credentials of Nova MB's world class team with experience garnered from working in some of the world's largest financial institutions. The segment offers a broad spectrum of services including:

- **Financing:** The Bank offers financing solutions to facilitate the smooth operation and growth of its clients' business covering corporate lending, project finance, asset finance, working capital finance, supply chain finance amongst others. The Bank also assists other in determining the best financing options suited for each corporate institution.

DESCRIPTION OF NOVA MERCHANT BANK LIMITED

- **Trade Services:** The Bank offers an innovative and efficient trade servicing network and structuring advise to facilities trading activities of corporate clients whether they are sourcing for inputs into their supply chain or exporting products to their international partners/customers.
- **Foreign Exchange Services:** The Bank offers a wide range of innovative foreign exchange products and services which assist clients better manage their foreign exchange risk exposure and limit the impact on its operations.
- **Cash management:** This segment is instrumental in providing efficient and efficient solutions for clients to manage liquidity and provide sufficient time for client to focus on driving business growth.

Investment Banking

Nova Merchant Bank's services offering for investment banking cuts across capital raising and equity finance, debt issuances and underwriting, restructuring, mergers and acquisitions, structured finance and agricultural finance.

Advisory Services

Nova Merchant Bank understands the complex and volatile nature of financial markets and aspires to provide its clients with trusted advice to enable them to successfully navigate these challenges. The Bank offers services covering divestments, capital restructuring, takeovers, hedge product advisory in addition to financial, valuation & credit advisory services which will enable its clients thrive in the turbulent storms of modern business.

Asset Management

Nova Merchant Bank provides investment products covering Mutual Funds, Structured Products, Portfolio Administration Services and Trustee Services which provide clients with unrivalled investment performance across a wide range of asset classes through superior market insight, technical expertise and strong execution capabilities.

Wealth Management

Nova Merchant Bank's wealth management offerings are tailored to the investment goals and risk appetite of our clients. We will work with you to build and manage your portfolio to facilitate the achievement of your investment goals and aspirations.

Securities and Trading

Nova Merchant Bank also provides trading securities, brokerage services, registrar liaison and financial instrument placement services.

CORPORATE GOVERNANCE

Nova Merchant Bank Limited holds good corporate governance as one of its core values and confirms its commitment to the implementation of effective governance principles in its business operations. The Directors endorse the principles of best practice corporate governance as stated in the "Code of Corporate Governance for Banks in Nigeria Post Consolidation" issued by the Central Bank of Nigeria (CBN) and the Securities and Exchange Commission's (SEC) "Code of Corporate Governance".

The Board of Directors of Nova MB has the overall responsibility for ensuring that the highest standards of corporate governance are maintained and adhered by the Bank. In order to

promote effective governance of Nova MB, the following structures have been put in place for the execution of Nova MB's corporate governance strategy:

- 1) Board of Directors
- 2) Board of Committees
- 3) Executive Management Committees.

The board comprises of a Non-Executive Chairman, five (5) Non-Executive Directors and two (2) Executive Directors, all of whom bring a wide range of skills and experience to the Board. The Board of Directors carries out its responsibilities through its standing committees. These are the Board Risk Management and Audit Committee, the board finance and general-purpose committee, the board nomination and governance committee and the board credit and investment committee. Through the workings of these committees, the Board sets broad policy guidelines and ensures the proper management and direction of the Bank. In addition to the Board Committees there are other management committees which ensure effective and good corporate governance at the managerial level.

A) The Board

The board presently consists of 8 members, 2 of whom, inclusive of the MD/CEO are Executive Directors and 6 Non-Executive Directors. All the directors have the requisite integrity, skills and experience to bring to bear on Board deliberations and discussions.

The roles of the Chairman and Chief Executive Officer are separated and clearly defined. The Chairman is primarily responsible for the working of the Board whilst the Chief Executive officer is responsible for the running of the business and implementation of Board Strategy and policy. The Chief Executive Officer is assisted in managing the business of the Bank on a day to day basis by the Executive Management Committee, which he chairs, and which comprises of all Executive Directors, The Board's primary responsibility is to increase shareholder's wealth. The Board is accountable to shareholders and is responsible for the management of the relationships with its various stakeholders. The Executive management is accountable to the Board for the development and implementation of strategy and policies. The Board regularly reviews the Bank's performance, matters of strategic concern and any other matters it regards as material. The Boards meets quarterly and additional meetings are concerned as the need arises. The Board is responsible for the Bank's structure, area of operation, financial reporting, ensuring there is an effective system of internal control and risk management and appointments to the Board. The Board has the authority to delegate matters to Directors, Board Committees and the Executive Management Committee.

All directors are aware that they may take independent professional advise at the expense of the Bank, in the furtherance of their duties. They all have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that all governance matters are dealt with in accordance with policy and assists with professional development as required.

B) Accountability and Audit

The Directors of the board make themselves accountable to the shareholders through regular publication of the Bank's financial performance and Annual reports. The Board has ensured that the Bank's reporting procedure is conveyed on the most recent infrastructure to ensure accuracy. The Bank has consistently improved its internal control system to ensure effective management of risks. The Directors review the effectiveness of the system of internal control through regular reports and reviews at Board and Risk Management and Audit Committee meetings.

C) Control Environment

The board has continued to place emphasis on risk management as an essential tool for achieving the Bank's objective. To this end, it has ensured that the Bank has in place robust risk management policies and mechanisms to ensure identification of risk and effective control. The board approves the annual budget for the Bank and ensures that a robust budgetary process is operated with adequate authorisation levels put in place to regulate capital expenditure.

D) Shareholders Rights

The board of Nova has always placed considerable importance on effective communication with its shareholders. It ensures that the rights of shareholders are always protected. Notices of meeting and all other statutory notices and information are communicated to the shareholders. Shareholders are encouraged to communicate their opinions and recommendations whenever they see the need to do so, to the company secretary.

E) Board Committees

The board of Nova has the following committees, namely the Board Audit Committee, the Board Finance and General-Purpose Committee, the Board Nomination and Governance Committee, and the Board Credit and Investment Committee.

Board Audit Committee

Member of the Board Audit Committee are as follows;

- 1) Mr. Emmanuel Ijewere – Chairman
- 2) Ms. Bolanle Onagoruwa
- 3) Mrs. Habiba Ammah Wakil
- 4) Mr Shams Butt

The Audit Committee was set up to further strengthen Internal controls in the Bank. It assists the board of directors in fulfilling its audit responsibilities by ensuring that effective systems of financial and internal controls are in place within the Bank.

Board Credit and Risk Committee

The Board Credit and Risk Committee is made up of 3 Non-Executive Directors and is responsible for approval of credit facilities in the Bank. It reviews all credits granted by the Bank and meetings are held at least once a quarter. Members of the Board Credit and Investment Committee are as follows;

- 1) Mr Shams Butt – Chairman
- 2) Mr Emmanuel Ijewere
- 3) Chief Malachy Nwaiwu

The board credit and risk committee was set up to assist the board of directors to discharge its responsibility to exercise due care, diligence and skill to oversee, direct and review the management of the credit portfolio of the Bank. Its terms of reference include determining and setting the parameters for credit risk and asset concentration and reviewing compliance within such limits, determining and setting the lending limits, reviewing and approving the Bank's credit strategy and the credit risk tolerance. The Committee reviews the loan portfolio of the Bank.

Nomination and Governance Committee

The nomination and governance committee is comprised of 3 Non-Executive directors namely;

- 1) Mrs Habiba Ammah Wakil – Chairperson
- 2) Mr Shams Butt; and
- 3) Chief Malachy Nwaiwu

Meetings are held at least once a quarter and the responsibilities of the Committee include reviewing, considering and determining the appropriate remuneration payable to the Bank's Executive Directors.

Finance and General-Purpose Committee

The purpose of the finance and general-purpose committee is to amongst other things, discharge the board's responsibilities with regards to strategic direction and budgeting and to provide oversight on financial matters and the performance of the Bank.

The members of the finance and general committee are as follows;

- 1) Chief Malachy Nwaiwu - Chairman
- 2) Mr. Emmanuel Ijewere; and
- 3) Ms. Bolanle Onagoruwa

Executive Management Committees

These are Committees comprising of senior management of the Bank. The Committees are risk-driven as they are basically set up to identify, analyse, synthesize and make recommendations on risks arising from day to day activities of the Bank. They also ensure that risk limits as contained in the board and regulatory policies are always complied with. They provide inputs for the respective board committees and ensure that recommendations of the board committees are effectively and efficiently implemented. They meet as frequently as risk issues occur to immediately take actions and decisions within the confines of their powers. Some of these Executive Management Committees include the Bank's Assets and Liabilities Committee (ALCO), the Executive Credit and Investment Committee (ECIC), the IT Steering Committee (ITSC), the Executive Risk Management Committee (ERMC) and the Executive Management Committee (EMC).

Profile of Directors & Company Secretary

Mr. Phillips Oduoza (FCIB) – Chairman

Phillips Oduoza with about 30 years banking experience in major financial institutions, is the founder and Chairman of the board of Nova Merchant Bank Limited. Mr. Oduoza is an internationally recognized and accomplished banker with diverse knowledge and experience in commercial and corporate banking.

Prior to promoting Nova, he recently retired as the global CEO of UBA Group where he firmly established the Bank as a leading African Financial Institution with global brand recognition. Mr. Oduoza was part of a small team that pioneered and established Diamond Bank Plc as one of the most successful and innovative banks in the early 90's. He supervised/led many breakthrough financial products and initiatives of Diamond Bank. As a result, he rose rapidly to the position of Executive Director in 1999. Phillips Oduoza started his banking career in 1989 with Citibank as the first set of Executive Trainees where he trained in every aspect of banking after a brief stint with International Merchant Bank (IMB).

Mr. Oduoza has thorough knowledge of the Nigerian (indeed African/global) banking environment and what it takes to pioneer and run a very successful/sustainable financial institution. He has initiated and led many key successful financial transactions in infrastructure, agriculture, manufacturing, telecommunication, energy, technology projects, financial advisory, oil & gas, corporate finance, capital market activities and debt restructuring in Nigeria and across Africa. He has been involved in some of the key banking industry transformational initiatives, having led the Bankers Committee sub-committee on Payment Systems and Infrastructure that drove the BVN implementation and Electronic Payment System of Nigeria (Card, ATM, POS, Online transfers, etc).

Phillips Oduoza has served on the board of some key names such as Diamond Bank Plc, Interswitch Plc, Valuecard Plc (Unified Payment Services Plc) where he served as chairman, Nigeria Interbank Settlement System (NIBSS), Nigeria Payment System, Nigeria Economic Summit Group (NESG), Financial Markets and Dealers Quotations (FMDQ), UBA Capital, UBA Plc. He currently serves on the boards of Veritas University Abuja, Lagos State Security Trust Fund, Development Bank of Nigeria amongst others.

Mr. Oduoza is a Fellow of the Chartered Institute of Bankers (FCIB). He has a BSc. Hons with First Class in Civil Engineering(1983), an MBA (Finance)(1988), and is an alumnus (AMP) of Harvard Business School [2004]. He has been honoured with numerous awards of achievement both locally and internationally such as Africa CEO of the year New York (2013 and 2014). He meets and interacts with numerous people and business leaders in the corporate sector, diplomatic corps, entrepreneurship and professional services sectors, amongst many other sectors.

Anyalechi Duroha – Chief Executive Officer/Managing Director



Anyalechi Duroha is the Chief Executive Officer/Managing Director of Nova Merchant Bank Limited. Preceding this appointment, he was the Executive Director, Wholesale Bank responsible for development and management of the Bank's corporate banking relationships.

Prior to joining the Bank as a pioneer staff, he was the Head, Business Banking at StanbicBTC, where he was responsible for Commercial Banking and SME businesses in Nigeria. In that role, he had the responsibility for both relationship and portfolio management. In this capacity, he designed and implemented interventions and strategies that ensured the rapid growth and profitability of the business.

He started his banking career in banking operations in Citibank and has 25 years banking experience spanning across many areas of banking. He was the Head Corporate Banking, United Bank for Africa Plc; Head Corporate Banking, Diamond Bank Plc and Head of Business Development (Designate), Diamond Bank, United Kingdom. In all these roles, he has managed portfolios in various sectors including manufacturing, agriculture, construction, oil & gas, infrastructure, aviation, power, maritime, telecommunications, FMCG and structured trade finance. Anyalechi holds an M.Sc. in Banking & Finance from the University of Benin (1998) and a B.Eng. in Civil Engineering from the University of Nigeria, Nsukka(1986). He is an alumnus of Wharton Business School, University of Pennsylvania(2012) and Lagos Business School(2006).

Shams Butt – Non-Executive Director



Shams Butt is a highly accomplished banker with over 25 years experience working in senior positions at some of the largest financial institutions in the world and serves as a Non-Executive Director at Nova Merchant Bank Limited.

Mr. Butt's banking experience covers a wide range of areas including Investment Banking, Risk Management, Compliance, Treasury, Ratings Advisory and Private Banking. He has a strong track record and deep expertise in executing projects in emerging markets and was a Managing Director at Citigroup in London where he served as the Head Sub Saharan Coverage for Citi's Investment Bank in addition to to being the Head of Europe Middle East & Africa (EMEA) at the Citi Financial Strategy Group. He has also had stints working at Citibank's offices in Tokyo, Bahrain and Pakistan.

In addition, Mr Butt was a Director at Deutsche Bank in New York where he served as the Head Risk and Compliance at Deutsche Bank Advisors LLC.

A British citizen and based in Dubai, Mr Butt is currently an Advisor at African Industries (a global name in steel, manufacturing, aluminium products and building materials across three continents) where he manages the group's investment activities, oversees real estate development projects and is responsible for all M&A, execution of transactions and joint ventures.

Mr. Butt has a Masters of Business Administration (MBA)(1986)and Bachelors of Business Administration both from George Washington University, Washington DC(1984).

Chief Malachy Nwaiwu – Independent Director

Chief Malachy Nwaiwu recently retired in the Executive Cadre of the Central Bank of Nigeria (CBN) where he worked for 35 years and is an Independent Director of Nova Merchant Bank Limited.

During his time at CBN, he pioneered many initiatives and worked in a wide range of areas covering currency & branch operations, development finance, human resources and information technology. He was a member and the Secretary of the Committee that handled the design, printing and launching of the N1000 banknote denomination for the Bank. Chief Nwaiwu served on several committees in CBN that developed various initiatives in the transformation of the Bank and was in charge of Service Delivery Improvement Initiatives for the branches of the Bank prior to retirement.

Chief Nwaiwu possesses a Master of Business Administration (Management and Finance) from the University of Lagos (1983), a B.Sc. Agricultural Economics from the University of Ibadan(1979) and a Bachelor of Laws from the University of Abuja (2007). He is a member of the Nigerian Institute of Management and the Association of Management and Administration (AMA) USA. He is currently an Attorney in the Law firm of Chukwuma-Machukwu Ume SAN (Firm of Lawyers & Arbitrators)

Emmanuel Ijewere (FCA, FIOD) – Independent Director



Emmanuel Ijewere is one of Nigeria's most respected Accountants/Tax Consultants and is an Independent Director of Nova Merchant Bank Limited.

In recognition of his commitment to excellence and professionalism, he has served as the President of the Institute of Chartered Accountants of Nigeria, the Accounting Bodies of West Africa and the President Institute of Directors Nigeria during which he introduced major transformative initiatives to the two bodies. He has also held the position of the National

President, Nigerian Red Cross Society as well as the Chairman, West African Sub-Region of the International Federation of the Red Cross and Red Crescent Societies. While in these positions, he infused a high level of transparency and governance and instituted tracking mechanisms that improved response time to disasters and consequent reduction of casualty levels.

Mr. Ijewere has played a key role on many national transformational initiatives including the Chairman of the Value Added Tax Committee which introduced VAT into the country and the Chairman of the Agriculture and Food Security Commission of the Nigerian Economic Summit Group. He is currently the National Coordinator of the Nigeria Agribusiness Group which is the umbrella body for agriculture and agribusiness in Nigeria.

Mr. Ijewere was the founding partner of Ijewere & Co, one of the foremost firms of Chartered Accountants, Management Consultants and Chartered Tax Advisers in Nigeria having started his career in 1965 with Coopers & Lybrand. He sits on the board of several companies and is currently the Chairman of the Best Foods Group.

Emmanuel Ijewere possesses a B.SC in Accounting from University of South London (1970) and a PhD in Accounting (Honoris Causa) from Iscom University, Benin Republic (2017).

Bolanle Onagoruwa – Independent Director

Bolanle Onagoruwa is an accomplished public and private sector professional and serves as an Independent Director of Nova Merchant Bank Limited.

She was the Director General of the Bureau of Public Enterprises (BPE) where she transformed through various initiatives the government entity responsible for privatisation of government enterprises. Ms Onagoruwa executed one of the most transparent and successful privatization exercises of large and complex public sector enterprises during her tenure as the DG of BPE. She provided leadership for Nigeria's privatisation initiatives and was member of some high level Federal Government Committees such as the Economic Management Team and the Presidential Action Committee on Power. She also served on the board of many privatised companies including the Transnational Hotels and Tourism Services Limited (Transcorp Hilton Hotel), Eleme Petrochemicals Company Limited (one of the most successful privatized entities to date) and Nigerdock Nigeria Plc. She was also the Director of several departments including Electric Power, Industry & Manufacturing, Oil & Gas, National Facilities & Agricultural Resources and National Parks & Stadia during her time at the institution where her contributions were remarkable.

Prior to her appointment as DG BPE, she served as the Secretary, Social Development and Secretary, Education at the Federal Capital Territory, in addition to being a Special Assistant to the President. She started her career as Associate and Partner at a commercial law practice, followed by Company Secretary/Legal Adviser and pioneer Branch Senior Manager at a new generation merchant bank, before she joined the public service as a Director in the Bureau of Public Enterprises.

Upon retirement from BPE, Ms Onagoruwa became the Acting Managing Director/CEO of the Ibadan Electricity Distribution Company and is currently the Managing Director/CEO (Infrastructure and Business Development) of ENL Consortium Limited, a company which specialises in infrastructural development like housing, road/bridge construction, power projects, port operations, and solid minerals.

Ms. Onagoruwa possesses a Bachelor of Laws from the University of Lagos (1978), a Post Graduate Diploma in Politics and International Relations from the University of Kent at Canterbury (1987), and is an alumnus of the Harvard Business School [2003].

Habiba Ammah Wakil – Independent Director



Habiba Ammah Wakil is a distinguished lawyer, public sector administrator, Oil and Gas Local Content Expert and an Independent Director of Nova Merchant Bank Limited.

Mrs Wakil was a pioneer employee of the Petroleum Technology Development Fund where she set up the Legal Department and put in place all the legal contracts and documents used by the Fund. She rose to the position of General Manager Nigerian Content Division, having worked on a wide range of areas covering Legal, Planning & Research, Operations and Training. Mrs. Wakil started her career in Borno State Ministry of Justice and rose to the position of Honourable Attorney General and Commissioner for Justice. She has over 30 years Legal and Administrative experience and has held positions as Director Legal Services at the Borno Radio Television Corporation and the Director Management & Legal Services at the Education Tax Fund, Abuja. She is a member of International Bar Association and Nigerian Bar Association. She is currently the President of the Shukrallah Association, a non-profit organisation that provides funding for religious education, community development and infrastructure.

Mrs. Wakil has an LLM (Criminal Justice) from New York University (1982), BL from Nigerian Law School (1979) and an LLB (Hons) from Ahmadu Bello University, Zaria (1978). She has attended top level executive programmes at various prestigious institutions including London Business School, Wits Business School, Columbia Business School and Thunderbird Business School. She is also a member of the National Institute for Policy and Strategic Studies.

Ayodeji Adigun (FCA) – Executive Director



Ayodeji Adigun is the Executive Director / Chief Operating Officer and member of the board at Nova Merchant Bank Limited. He has over 30 years of banking and finance experience with strong background and competencies in financial control, performance management, project management, operations, technology, human resources, audit, strategic planning and business transformation. Prior to his current role, he was the Chief of Staff to the GMD/CEO at the United Bank for Africa Plc (UBA). He also served at various times as the Head, Strategy and Business Transformation, the Chief Financial Officer (North Region), Chief Operating Officer, UBA Properties and Head, Performance Management during his time at UBA. Mr. Adigun has served in several executive roles in the banking industry including the Chief Finance Officer, Head Corporate Development Standard Trust Bank as well as Head, Financial Control Diamond Bank Plc, in addition to the Head Corporate Planning & Development and Head, Financial Control at NAL Merchant Bank. In the course of his banking career, Mr. Adigun has extensively played a key role in the conception and deployment of turnaround strategies for business segments/units, initiated several cost optimization measures that resulted in appreciable reduction in cost-to-income ratio, has been deeply involved in the articulation, review and co-ordination of organizational policies in order to facilitate the decision making process, improve operational efficiency and enhance productivity. Furthermore, he has spear-headed the design and implementation of budgetary control systems, performance management systems and several new products. Prior to joining the banking industry, he worked at Ernst & Young as an Audit Senior after a brief stint as an Assistant Lecturer at the University of Lagos. Mr. Adigun possesses a B.Sc. Hons in Accounting (First Class) from the University of Lagos (1981). He is a Fellow of the Institute of Chartered Accountants of Nigeria (1984), an Associate Member of the Chartered Institute of Management Accountants UK (1982) and an Associate Member of the Chartered Institute of Taxation of Nigeria (1999). He is also an alumnus of the Senior Management Programme at the Lagos Business School (2001).

Nnadozie Ohaji – Company Secretary



Nnadozie Ohaji is the Company Secretary/ General Counsel of Nova Merchant Bank Limited. He oversees the Company Secretariat, Legal, Compliance and Credit Administration/Credit Monitoring/Remedial Management of the Bank. He has over 13 years of experience in Legal, Secretarial, Drafting, Regulatory and Corporate Governance. Nnadozie holds an LL.B in Law from the Imo State University, Owerri(2003), a B.L from Nigerian Law School Lagos(2006) and an LL.M from the University of Lagos Akoka(2015). Prior to joining Nova Merchant Bank Limited, Nnadozie worked with AB Microfinance Bank Limited in which he headed the Company Secretariat, legal and compliance functions. In this role, he led the Bank to 100% implementation of the CBN Code of Corporate Governance for Microfinance Banks 2018, within 6 months of its release, beating the regulatory timelines Nnadozie is a Member of the Nigerian Bar Association and the Chartered Institute of Bankers of Nigeria

Management Team

Anyalechi Duroha – Chief Executive Officer/Managing Director



Anyalechi Duroha is the Chief Executive Officer/Managing Director of Nova Merchant Bank Limited. Preceding this appointment, he was the Executive Director, Wholesale Bank responsible for development and management of the Bank's corporate banking relationships. Prior to joining the Bank as a pioneer staff, he was the Head, Business Banking at Stanbic IBTC, where he was responsible for Commercial Banking and SME businesses in Nigeria. In that role, he had the responsibility for both relationship and portfolio management. In this capacity, he designed and implemented interventions and strategies that ensured the rapid growth and profitability of the business. He started his banking career in banking operations in Citibank and has 25 years banking experience spanning across many areas of banking. He was the Head Corporate Banking, United Bank for Africa Plc; Head Corporate Banking, Diamond Bank Plc and Head of Business Development (Designate), Diamond Bank, United Kingdom. In all these roles, he has managed portfolios in various sectors including manufacturing, agriculture, construction, oil & gas, infrastructure, aviation, power, maritime, telecommunications, FMCG and structured trade finance. Anyalechi holds an M.Sc. in Banking & Finance from the University of Benin (1998) and a B.Eng. in Civil Engineering from the University of Nigeria, Nsukka (1986). He is an alumnus of Wharton Business School, University of Pennsylvania (2012) and Lagos Business School (2006).

Ayodeji Adigun (FCA) – Executive Director



Ayodeji Adigun is the Executive Director / Chief Operating Officer and member of the board at Nova Merchant Bank Limited. He has over 30 years of banking and finance experience with strong background and competencies in financial control, performance management, project management, operations, technology, human resources, audit, strategic planning and business transformation. Prior to his current role, he was the Chief of Staff to the GMD/CEO at the United Bank for Africa Plc (UBA). He also served at various times as the Head, Strategy and Business Transformation, the Chief Financial Officer (North Region), Chief Operating Officer, UBA Properties and Head, Performance Management during his time at UBA. Mr. Adigun has served in several executive roles in the banking industry including the Chief Finance Officer, Head Corporate Development Standard Trust Bank as well as Head Financial Control Diamond Bank Plc, in addition to the Head Corporate Planning & Development and Head Financial Control at NAL Merchant Bank. In the course of his banking career, Mr. Adigun has extensively played a key role in the conception and deployment of turnaround strategies for business segments/units, initiated several cost optimization measures that resulted in appreciable reduction in cost-to-income ratio, has been deeply involved in the articulation, review and co-ordination of organizational policies in order to facilitate the decision making process, improve operational efficiency and enhance productivity. Furthermore, he has spear-headed the design and implementation of budgetary control systems, performance management systems and several new products. Prior to joining the banking industry, he worked at Ernst & Young as an Audit

Senior after a brief stint as an Assistant Lecturer at the University of Lagos. Mr. Adigun possesses a B.Sc. Hons in Accounting (First Class) from the University of Lagos (1981). He is a Fellow of the Institute of Chartered Accountants of Nigeria (1984), an Associate Member of the Chartered Institute of Management Accountants UK (1982) and an Associate Member of the Chartered Institute of Taxation of Nigeria (1999). He is also an alumnus of the Senior Management Programme at the Lagos Business School (2001).

Emeka Uzomba – Head, Specialised Industrial Group



Emeka Uzomba is the Head, Specialised Industries Group with responsibilities for the Bank's structured and specialised businesses including Oil & Gas, Maritime, Telecoms, Agribusiness, Infrastructure and Public Sector Group etc. He has 24 years banking experience covering treasury, trade finance, debt capital markets, assets & liabilities management, correspondent banking/international financial institutions, commercial banking and banking operations. Prior to joining NOVA MB, he was the Group Treasurer and Head of Financial Institutions at Diamond Bank Plc, a position he held for several years having joined

Treasury early in his career as a trainee Dealer and rose through the ranks before his appointment as the Treasurer. He also has experience leading on strategy, special initiatives, advisory work, market development, capacity building and risk management. He holds an MBA in Banking & Finance from the University of Nigeria (Enugu Campus) and Bachelor of Science degree in Geography & Meteorology from the Anambra State University of Technology, Enugu. He is an alumnus of the Senior Management Program at the Lagos Business School and London Business School where he studied Corporate Finance.

Chinedu Ekeocha – Deputy Chief Operating Officer



Chinedu Ekeocha is the Deputy Chief Operating Officer of Nova Merchant Bank Limited. He has over 27 years' experience in financial services covering business development, product development, retail banking, banking operations, payment cards and alternative delivery channels, strategy and support. Prior to this role, he was the Managing Director/CEO of Diamond Pension Fund Custodian Limited where he oversaw Assets Under Custody of over N320bn. In this role, his responsibilities included but were not limited to leading, managing and directing the affairs of this subsidiary of Diamond Bank Plc in order to

provide custodial services for Pension and Money Market Financial Assets. He was also responsible for improving the company's risk management rating from Medium to Low Risk. Mr. Ekeocha has held several senior roles during his career including Group Head, Cards and Channels Services Group and Head, Branch Operations Services (Lagos, West and South) at Diamond Bank. He is noted to have a firm interest in leadership, strategy development and execution. Mr. Ekeocha possesses a B.Sc. (Hons) in Banking/Finance from the Imo State University, Uturu (1989) and an MBA (Financial Management) from Lagos State University (1998). He has attended several professional course/seminars covering operations, risk management, performance management and corporate governance.

Eberechukwu Agbogun – Head, Capital Markets



Eberechukwu Agbogun is the Head Capital Markets at Nova Merchant Bank Limited. Her wealth of experience in financial services spans seventeen years covering both banking and capital markets. Prior to this role, she was the Head of Business Development, ARM Investment Managers where she was responsible for managing Assets Under Management (AUM) of N120bn in equities and fixed income covering multiple currencies (NGN, USD and GBP). She started her career as a loan officer and played focal roles in the start-up of three bank branches as well as managed marketing and operations teams in Metropolitan and First City Monument Banks. She later joined ARM where her major roles were within the Business Development segment of the firm, taking on Private, Retail and Institutional Asset Management responsibilities at different times. She also played strategic roles working on different project teams within the ARM group including collective investments issues, specialised real estate products launch, marketing and sale, core system migrations, client retention/loyalty reward programmes, and employee engagement initiatives. Ebere possesses a B.Sc. in Psychology from University of Ibadan (2000) where she was awarded best graduating student of the department. She has a master's degree in Business Administration from The Business School, Netherlands (2005). She holds a diploma in Personal Financial Planning from the Florida State University and two certifications in Chartered Wealth Management from The American Association of Financial Management (AAFM) (2009) and The International Academy of Business & Financial Management (IABFM), USA (2016) respectively. She has also attended several professional and strategic programmes over the years. Ebere is currently a doctoral student in business administration at the Walden University, United States.

Ifeatu Onwuasoanya – Chief Audit Executive



Ifeatu Onwuasoanya is the Chief Audit Executive of Nova Merchant Bank Limited. He has over 22 years-experience in financial services covering such diverse areas as audit, compliance, finance, retail banking and investor relations. Prior to this role, he was the Head, Investor Relations at Diamond Bank Plc where his responsibilities included developing and implementing Diamond Bank's investor engagement strategy. He has held other senior roles including Special Assistant to Diamond Bank's Group Managing Director/CEO, Group Head of Business Banking, and Group Head of Branch Audit. Ifeatu

Onwuasoanya possesses an MBA from MIT Sloan School of Management, Cambridge, Massachusetts (2010) and a B.Sc. in Accounting from the Abia State University (1991). He is a Fellow and member of Association of Chartered Certified Accountants (ACCA), United Kingdom (2000), and Institute of Chartered Accountants of Nigeria (ICAN) (1995). He has attended several trainings in leading universities such as the Harvard Business School (2014), University of Edinburgh Business School (2012) and Lagos Business School (2009).

Akinwale Olawoye – Chief Compliance Officer



Akinwale Olawoye is the Chief Compliance Officer at Nova Merchant Bank Limited. Prior to this role, he was the Technical Assistant to two successive CEOs at the United Bank for Africa Plc and also worked in its Strategy and Business Transformation unit where he conceptualised and executed high impact strategic initiatives across all areas of the Bank and its African subsidiaries. He started his career at Accenture where he worked as a strategy consultant leading teams on engagements in leading blue-chip companies covering banking, capital markets, insurance, electronic payments and fast-moving consumer goods. Mr. Olawoye served as the founding secretary of both the Bankers' Committee Subcommittee on Payment Systems & Infrastructure, responsible for several transformational initiatives in the banking industry such as oversight of the implementation of the Bank Verification Number (BVN) initiative, and the Subcommittee on Power which developed the Power Sector Action Plan to address bottlenecks in securing financing to the Power Sector. He also led a team which in conjunction with the CBN developed its financial inclusion pilot plan. Mr. Olawoye possesses a B.Sc. in Computing and Information Systems with Industrial Experience from the University of Manchester (2003) which included a 1-year industrial placement at IBM UK Ltd. He has attended a wide range of international trainings covering diverse areas such as strategy, project management, innovation amongst others.

Obiaajum Chimbo – Chief Risk Officer



Obiaajum Chimbo is the Chief Risk Officer at Nova Merchant Bank Limited. Prior to this role, he was the Head, Market Risk in Nova MB where he was responsible for monitoring the Bank's market and liquidity risk. He has 18 years' experience in the banking industry covering risk management, branch operations, internal control and customer experience management. Prior to joining the Bank, he was the Head, Market & Liquidity Risk at Access Bank where his responsibilities included ensuring compliance with Access Bank's market and liquidity risk policies and procedures in Nigeria and subsidiaries in Ghana, Rwanda, Congo DRC, Sierra Leone, Gambia and Zambia. He also drove the market and liquidity risk management strategy across Access Bank and periodically provided updates to the Bank's Assets and Liability Committee (ALCO) and the Board Risk Management Committee (BRMC). Mr. Chimbo possesses a B.Sc. in Mathematics from the University of Ibadan (1999) and an M.Sc. in Economics also from University of Ibadan (2002). He is a Certified Risk Specialist and a member of the ACI Financial Markets Association (2011). He has also attended the Wharton Middle Management Program (2016).

Chidinma Ibeawuchi – Head, Human Capital Management



Chidinma Ibeawuchi is the Head, Human Capital Management of Nova Merchant Bank Limited. She champions the Human Resource Strategy and People Agenda of the Bank and its subsidiaries. A seasoned professional with over 16 years' experience in Strategic Human Resource Management and Customer Service, majorly within the Financial Services industry with a stint in the media sector. Prior to joining Nova MB, Chidinma held various HR positions in First Bank of Nigeria Ltd including both Generalist and Specialist HR functions covering Talent Resourcing/Assessment Centre Development, Performance

Management, Workforce Planning, Talent Management, where she made significant contributions in organizational development, performance & change management and business strategy. In her last position as Talent Resourcing Coordinator, she had the responsibility of executing all recruitment activities for the Bank and support to the subsidiaries.

Chidinma Ibeawuchi holds a B.A. in English from Abia State University (2000) and an M.Sc. in Human Resource Management from Robert Gordon University, Aberdeen, Scotland (2014). She is an Associate member of both the Chartered Institute of Personnel Management (CIPM), Nigeria (2014) and Chartered Institute of Personnel Development (CIPD), UK (2014).

Nova Merchant Bank Limited

A financial institution of satisfactory financial condition and adequate capacity to meet its obligations.

Rating Assigned:

Bbb

Outlook: Stable

Issue Date: 28 March 2019

Expiry Date: 30 June 2020

Previous Ratings: N/A

Industry: Banking

Analysts:

Ada Ufomadu

adaufomadu@agusto.com

Yinka Adelekan

yinkaadelekan@agusto.com

Agusto & Co. Limited

UBA House, (5th Floor)

57, Marina

Lagos

Nigeria

www.agusto.com

RATING RATIONALE

The rating assigned to Nova Merchant Bank Limited (**NovaMBL** or **the Bank**) reflects its strong capitalization ratios, acceptable asset quality and strong liquidity profile. The rating takes into cognisance the Bank's limited financial track record, though it is led by an experienced management team. The subdued macroeconomic environment and its attendant impact on the banking industry is also a rating concern.

Nova Merchant Bank Limited is a new entrant in the Nigerian merchant banking space, a segment of the banking industry that has witnessed notable entrants over the last five years. The Bank's strategy largely revolves around its digital banking platform - the "Intellect Digital Core", an omnichannel core banking application that allows it offer multiple solutions to customers, using modern technology. In addition, NovaMBL is leveraging its new and unencumbered banking franchise (void of legacy issues) and a lean structure to compete with existing players.

The 2018 financial year marked NovaMBL's first full year in operation and the commencement of its core lending business. The Bank grew its asset base from ₦18 billion in 2017 to ₦28.3 billion as at 31 December 2018, although its balance sheet remains the smallest of the five licensed merchant banks in Nigeria. NovaMBL's loan portfolio which was created in the last quarter of the review year, stood at ₦2.4 billion with all credits performing as at 31 December 2018. Subsequent to year end, gross loans & advances further increased to ₦4.6 billion as at February 2019. In creating risk assets, the Bank targets mid-sized obligors in the oil & gas, manufacturing, utilities & infrastructure, trade & services, fast moving consumer goods (FMCG) and public sectors, providing trade lines and working capital financing. We are unable to ascertain NovaMBL's risk management efficiency as it remains untested given the Bank's age.

The copyright of this document is reserved by Agusto & Co. Limited. No matter contained herein may be reproduced, duplicated or copied by any means whatsoever without the prior written consent of Agusto & Co. Limited. Action will be taken against companies or individuals who ignore this warning. The information contained in this document has been obtained from published financial statements and other sources which we consider to be reliable but do not guarantee as such. The opinions expressed in this document do not represent investment or other advice and should therefore not be construed as such. The circulation of this document is restricted to whom it has been addressed. Any unauthorized disclosure or use of the information contained herein is prohibited.

EXTRACT FROM THE REPORTING ACCOUNTANTS REPORT



Ernst & Young
10th & 11th
UBA House
57 Marina
P.O. Box 2442, Marina
Lagos, Nigeria

Tel: +234 (01) 831 4500
Fax: +234 (01) 463 0881
Email: sales@erstry.com
www.ey.com

30 December 2019

The Directors
NOVA Merchant Bank Limited
23 Kofo Abayomi Street
Victoria Island
Lagos

Gentlemen,

ACCOUNTANTS' REPORT ON THE AUDITED FINANCIAL STATEMENTS OF NOVA MERCHANT BANK LIMITED FOR THE EIGHT MONTHS PERIOD/YEAR ENDED 31 DECEMBER 2017 AND 2018

Report on the Financial Statements

We have reviewed the audited financial statements of NOVA Merchant Bank Limited which comprise the statements of financial position as at 31 December 2017 and 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the eight months period/year then ended, and a summary of significant accounting policies and other explanatory information, for the proposed N50 billion bond issuance programme through the NOVAMBL Investment SPV Plc ("SPV"). Price Waterhouse coopers ("PwC") were the auditors of the Bank for the period/year ended 31 December 2017 and 2018, and unmodified audit opinions were issued by the auditors for each of the 8 months period ended 31 December 2017 and year ended 31 December 2018.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the applicable financial reporting framework and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with the International Standard on Review Engagement (ISRE) 2400, Engagements to Review Historical Financial Statements. ISRE 2400 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 is a limited assurance engagement. The accountant performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Ernst & Young



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of NOVA Merchant Bank Limited as at 31 December 2017 and 2018, and their financial performance and cash flows for each of the period/year then ended, in accordance with applicable financial reporting framework.

This report is solely for the use of the Directors of NOVA Merchant Bank Limited and other relevant parties. No part of this report may be quoted or circulated outside these parties without the prior written approval of Ernst & Young.

Yours faithfully,

For: Ernst & Young
Lagos, Nigeria

Draft

NOVA MERCHANT BANK LIMITED**STATEMENTS OF COMPREHENSIVE INCOME**

<i>For the period/year ended 31 December in thousands of Nigerian Naira</i>	Notes	2018	9 month period ended December 2017
Interest income	5	1,876,519	1,224,514
Interest expense	6	(373,347)	(60,878)
Net interest income		1,503,172	1,163,636
Impairment changes on for credit losses	7	(1,146)	-
Fee and commission income	8	29,066	-
Net gains on financial instruments held for trading	9	545,475	-
Net foreign exchange gain	10	302,419	-
Other income		1,987	-
Operating expenses	11	(1,420,382)	(743,396)
Profit before tax		980,681	420,240
Income tax credit	12	190,394	90,336
Profit after tax		1,180,995	510,576
Other comprehensive income:			
Items that may be subsequently reclassified to income statement			
Net changes in fair value of financial assets FVOCI		(50,130)	-
Other comprehensive loss, net of related tax effects		(50,130)	-
Total comprehensive income for the year/period		1,100,855	510,576
Basic and diluted earnings per share (Naira)	13	7.19	3.19

The accompanying notes form an integral part of the financial statements.

NOVA MERCHANT BANK LIMITED**STATEMENTS OF FINANCIAL POSITION**As at 31 December
in thousands of Nigerian Naira

	Notes	2018	2017
Assets			
Balances with banks	14	1,185,784	-
Financial assets held for trading	15	3,828,375	-
Loans to banks and other financial institutions	16	3,883,788	-
Loans and advances to customers	17	2,427,818	23,163
Investment securities	18	9,222,403	-
Derivative financial assets	19	20,753	-
Pledged assets	20	1,192,312	-
Property and equipment	23	1,213,250	313,884
Intangible assets	22	727,588	3,088
Other assets	21	879,583	17,357,341
Deferred tax assets	12	294,497	94,497
Total Assets		24,868,138	17,891,768
Liabilities			
Term deposits from other financial institutions		427,787	-
Due to customers	24	6,066,686	-
Derivative financial liabilities	19	87,319	-
Current tax liabilities	12	9,808	4,181
Other liabilities	25	763,310	1,477,013
Total Liabilities		7,374,708	1,481,174
Equity			
Share capital	26	16,000,000	16,000,000
Statutory reserve	27	488,488	153,173
Retained earnings		1,115,885	357,403
Fair value reserve		(50,130)	-
Regulatory risk reserve		47,428	-
Total equity		17,611,431	16,510,576
Total liabilities and equity		24,868,138	17,891,768

The accompanying notes form an integral part of the financial statements.

EXTRACT FROM THE REPORTING ACCOUNTANTS REPORT

ADWA MERCHANT BANK LIMITED

STATEMENTS OF CHANGES IN EQUITY

For the period/year ended 31 December

In thousands of Algerian Dinars	Notes	Share capital	Statutory reserves	Retained earnings	Fair value reserve	Regulatory reserve	Total equity
As at 31 May 2017							
		-	-	-	-	-	-
Profit for the period		-	-	510,576	-	-	510,576
Other comprehensive income for the period		16,000,000	-	-	-	-	16,000,000
Total comprehensive income for the period, net of tax		16,000,000	-	510,576	-	-	16,510,576
Transactions with owners of equity							
Issued capital during the period		-	-	-	-	-	-
Transfer to statutory reserve		-	153,173	(153,173)	-	-	-
Total transactions with owners of equity		-	153,173	(153,173)	-	-	-
As at 31 December 2017							
		16,000,000	153,173	357,403	-	-	16,510,576
As at 1 January 2018							
		16,000,000	153,173	357,403	-	-	16,510,576
Profit for the year		-	-	1,180,863	-	-	1,180,863
Other comprehensive loss for the year		-	-	-	(80,130)	-	(80,130)
Total comprehensive income for the year, net of tax		-	-	1,180,863	(80,130)	-	1,100,733
Transactions with owners of equity							
Transfers for the year		-	345,265	(382,723)	-	47,428	-
Total transactions with owners of equity		-	345,265	(382,723)	-	47,428	-
As at 31 December 2018							
		16,000,000	498,438	1,115,895	(80,130)	47,428	17,511,431

The accompanying notes form an integral part of the financial statements.

NDVA MERCHANT BANK LIMITED**STATEMENTS OF CASH FLOWS**

For the period/year ended 31 December
in thousands of Nigerian Naira

	Notes	2018	2017
Cash flows from operating activities:			
Profit before income tax		880,591	420,240
<i>Adjustments for non-cash items</i>			
Depreciation charge on property and equipment	23	138,978	10,932
Amortisation of intangible assets	22	8,314	185
Net interest income		(1,503,172)	(1,163,838)
Impairment charge on loans and advances		980	-
Impairment charge on loans to banks		2	-
		(386,306)	(732,278)
Changes in working capital:			
Loans and advances to customers		(2,406,835)	(23,163)
Financial instruments - FVPL		(3,828,375)	-
Derivative financial instruments		66,588	-
Other assets		18,577,757	(17,567,341)
Due to customers		6,480,177	-
Other liabilities		712,908	9,522
Cash from/(used in) operations		17,207,093	(18,303,281)
Interest received		1,876,519	1,224,514
Interest paid		(359,051)	-
Income tax paid		(4,181)	-
Net cash from/(used in) operating activities		18,720,400	(17,078,747)
Cash flows from investing activities:			
Placed assets		(1,192,312)	-
Investment securities - FVOCI		(9,272,533)	-
Purchase of property and equipment	23	(1,036,545)	(324,618)
Purchase of intangible assets	22	(732,818)	(3,251)
Net cash flows used in investing activities		(12,234,208)	(327,887)
Financing activities:			
Shareholder loan		-	1,408,814
Repayment of borrowings		(1,408,814)	-
Proceeds from issue of share capital		-	16,000,000
Net cash flows (used in)/from financing activities		(1,408,814)	17,408,814
Net increase in cash and cash equivalents		5,078,580	-
Cash and cash equivalents as at 1 Jan/17 May		-	-
Cash and cash equivalents as at end 31 December		5,078,580	-

The accompanying notes form an integral part of these financial statements.

NOVA MERCHANT BANK LIMITED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Corporate information

Nova Merchant Bank Limited ("the Bank") was incorporated on 17 May 2017 in Nigeria and is intended to carry on in Nigeria the business of Merchant Banking as may be prescribed by the Central Bank of Nigeria (CBN). The address of the registered office is 23 Kofo-Abayomi Street, Victoria Island, Lagos.

The Bank obtained its merchant banking licence on 13 December 2017 with a focus on wholesale and investment banking.

2. Summary of significant accounting policies

The accounting policies adopted in the preparation of the financial statement of Nova Merchant Bank ("the Bank"), are set out below:

2.1 Basis of preparation

Statement of compliance with International Financial Reporting Standards

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and the Financial Reporting Council Act, No 6, 2011.

The financial statements are presented in naira and all values are rounded to the nearest thousand (N1000), except when otherwise indicated. The financial statements have been prepared on a historical cost basis except for the following:

- Derivative financial instruments are measured at fair value.
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value.
- Hold to collect and sell financial assets are measured at fair value.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise its judgement in the process of applying IFRS accounting policies.

Standards, Interpretations and amendments effective during the reporting period

Amendments to the following standard(s) became effective in the annual period starting from 1 January 2018.

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 for annual periods beginning on or after 1 January 2018. As permitted, the Bank has applied the rules of the new standard from the year beginning 1 January 2018 and will not restate the prior period comparative financial statements. There was no change in accounting policies as the Bank only commenced banking operations in January 2018.

IFRS 15 Revenue from Contracts with Customers

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g 1 January 2019), i.e without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The standard will have no impact on the Bank's financial statements.

NOVA MERCHANT BANK LIMITED**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****Standards, Interpretations and amendments effective during the reporting period****IFRS 16 Leases**

This standard was introduced by IASB to replace IAS 17 – Leases in January 2016. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – sets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. On servicing contract, it clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in order to assess whether the disclosures are required. The standard is effective for financial years commencing on or after January 1, 2019. The Bank is still assessing the impact of the standard.

Early adoption of Standards

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. However, the Bank has not adopted any of such standards in preparing these financial statements.

2.2 Foreign currency translation**2.2.1 Functional and presentational currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates (“the functional currency”). The financial statements of the Bank are presented in Nigerian naira, which is the functional currency of the Bank.

2.2.2 Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the income statement.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the year end translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as gains or losses from qualifying cash flow hedging instruments or qualifying net investment hedging instruments.

All foreign exchange gains and losses recognised in the income statement are presented net in the income statement within the corresponding item. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

NOVA MERCHANT BANK LIMITED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.3 Interest income and expense

Interest income and expense for all interest-earning and interest-bearing financial instruments are recognised in the income statement within "interest income" and "interest expense" using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, the next repricing date) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses.

The calculation of the effective interest rate includes contractual fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the income statement include:

- Interest on financial assets and liabilities measured at amortised cost calculated on an effective interest rate basis.
- Interest on financial assets measured at fair value through profit or loss calculated on an effective interest rate basis.
- Interest on financial assets measured at fair value through OCI calculated on an effective interest rate basis.

2.4 Financial assets and liabilities

2.4.1 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank commits to purchase or sell the asset.

At initial recognition, the Bank measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss (ECL) allowance is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- i. when the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- ii. in all other cases, the difference is deferred and the timing of the recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

NOVA MERCHANT BANK LIMITED**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****2.4.2 Financial assets****2.4.2.1 Classification and subsequent measurement**

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Financial assets are classified into the followings:

- Amortised cost
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit or Loss (FVTPL)

Financial assets are classified based on the business model and their contractual terms.

a) Financial assets measured at amortised cost

Assets that are held for collection of contractual cashflows where those cashflows represent solely payment of principal and interest (SPPI), and that are not designated at FVTPL, are measured at amortised cost. The carrying amounts of these assets is adjusted by any expected credit loss allowance recognised. Interest income from these financial assets is shown as interest income at amortised cost in the statement of comprehensive income.

b) Financial assets measured at FVOCI

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised as 'Net Investment Income'. Interest income from these financial assets is included in interest income using the effective interest rate method.

c) Financial assets measured at FVTPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net gains on financial instruments held for trading' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately as 'Net Investment Income'.

d) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective, that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase. For equity instruments measured at FVTPL, changes in fair value are recognized as part of Non-interest income in the statement of income. The Bank can elect to classify non-trading equity instruments at FVOCI. This election will be used for certain equity investments for strategic or longer term investment purposes. The FVOCI election is made upon initial recognition, on an instrument-by-instrument basis and once made is irrevocable.

NOVA MERCHANT BANK LIMITED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.4.2 Financial assets - Continued

e) Impairment

The Bank assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. This applies to all amortized cost financial assets, debt securities classified as FVOCI, off-balance sheet loan commitments and financial guarantee contracts. Equity instruments and financial assets measured at FVTPL are not subjected to impairment under IFRS 9.

f) Modification

When the contractual terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognised at fair value. Any difference between the amortized cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in profit or loss as 'gains and losses arising from the derecognition of financial assets measured at amortized cost'.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Bank recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss as part of impairment charge for the year.

In determining when a modification to terms of a financial asset is substantial or not to the existing terms, the Bank will consider the following non-exhaustive criteria.

Quantitative criteria

A modification would lead to derecognition of existing financial asset and recognition of a new financial asset, i.e. substantial modification, if the discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset. In addition to the above, the bank shall also consider qualitative factors as detailed below.

Qualitative criteria

Scenarios where modifications will lead to derecognition of existing loan and recognition of a new loan, i.e. substantial modification, are:

- o The exchange of a loan for another financial asset with substantially different contractual terms and conditions such as the restructuring of a loan to a bond; conversion of a loan to an equity instrument of the borrower
- o Roll up of interest into a single bullet payment of interest and principal at the end of the loan term
- o Conversion of a loan from one currency to another currency

NOVA MERCHANT BANK LIMITED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.4.2 Financial assets - Continued

Other factors to be considered:

Extension of maturity dates If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized (see above) and ECL are measured as follows:

If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition.

g) De-recognition

The Bank derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

Collateral furnished by the Bank under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Bank retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

2.4.3. Financial liabilities

Financial liabilities are classified into one of the following measurement categories:

- Amortised cost
- Fair Value through Profit or Loss (FVTPL)

a) Financial liabilities at fair value through profit or loss

Financial liabilities accounted for at fair value through profit or loss fall into two categories which are financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception. Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments.

Gains and losses arising from changes in fair value of financial liabilities classified as held for trading are included in the income statement and are reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

NOVA MERCHANT BANK LIMITED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.4.3. Financial liabilities

b) Financial liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost using the effective interest rate method. Financial liabilities measured at amortised cost are deposits from banks or customers, other borrowed funds, debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

c) Derecognition of financial liabilities

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Bank and its original lenders of debt instruments with substantially different terms as well as substantial modifications of the terms of the existing financial liabilities, are accounted for as an extinguishment of the terms of the original liability and the recognition of a new liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors such as currency that the instrument is denominated in, changes the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss of the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

2.4.4 Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15

Loan commitments provided by the Bank are measured as the amount of the loss allowance. The Bank has not provided any commitment to provide loans at a below-market interest rate or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Bank cannot separately identify the expected credit losses on the undrawn commitment from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

NOVA MERCHANT BANK LIMITED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.4.5. Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprise, deposit held at call with banks, other short term highly liquid investment, bank overdraft, cash portion of investments in foreign securities, bank balances with foreign banks, sundry currencies balances and time deposits which are readily convertible into cash with a maturity of three months or less.

2.5. Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Bank recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

All other repair and maintenance costs are recognised in income statement as incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. The Bank commences depreciation when the asset is available for use. Land is not depreciated.

The estimated useful lives are, as follows:

- Office equipment - 5 years
- IT equipment - 5 years
- Furniture and fittings - 5 years
- Motor vehicles - 5 years
- Leasehold improvement - 10 years

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.6. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in income statement in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over the expected useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in income statement in amortisation of intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in income statement when the asset is derecognised.

NOVA MERCHANT BANK LIMITED**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****2.7. Impairment of non-financial assets**

The Bank assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or band of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Bank bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Bank's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Bank estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

2.8. Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Bank determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability.

The expense relating to any provision is presented in the income statement net of any reimbursement in other operating expenses.

2.9. Taxes**2.9.1. Current tax**

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Bank operates and generates taxable income.

Current income tax relating to items recognised directly is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Detailed disclosures are provided in the notes.

NOVA MERCHANT BANK LIMITED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. B. Taxes - Continued

2.B.2. Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognised as income tax benefits or expenses in the income statement except for tax related to the fair value remeasurement of available-for-sale assets, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to OCI. These exceptions are subsequently reclassified from OCI to the income statement together with the respective deferred loss or gain. The Bank also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Bank only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Bank's intention to settle on a net basis.

2.B.3. Employee benefits

Defined contribution plan

The Bank operates a defined contribution pension plan in accordance with the Pension Reform Act. Under the plan, the employee contributes 8% of basic salary, housing and transport allowances and the Bank contributes 10% on the same basis. Pension remittances are made to various PFAs on behalf of the Bank's staff on a monthly basis. The Bank has no further payment obligations once the contributions have been paid. Contribution payable is recorded as an expense under personnel expenses. Unpaid contributions are recorded as a liability.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term employee benefits if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

NOVA MERCHANT BANK LIMITED**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****3.0 Critical accounting estimates and judgements**

These disclosures supplement the commentary on financial risk management. Estimates where management has applied judgements are:

- (i) Allowances for credit losses
- (ii) Assessment of recoverability of deferred tax assets

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Bank's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL such as:

- Determining criteria for significant increase in credit risk
- Choosing appropriate models and assumptions for the measurement of ECL
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL and
- Establishing groups of similar financial assets for the purposes of measuring ECL

Key sources of estimation uncertainty**(i). Allowances for credit losses**

Loans and advances to banks and customers are accounted for at amortised cost and are evaluated for impairment on a basis described in accounting policy (see note 2.4)

The measurement of impairment losses under IFRS 9 and IAS 39 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's internal credit grading model which assigns PDs to the individual grades
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment

NOVA MERCHANT BANK LIMITED**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****Key sources of estimation uncertainty****(6). Allowances for credit losses**

- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as exchange rates, crude oil prices, GDP and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

(7). Recoverability of deferred tax assets

The deferred tax assets include an amount of ₦294 million (2017: ₦94 million) which relates to mainly carried forward tax losses of the Bank. These losses arise due to tax-exempt nature of the Bank's income from government securities. The Bank has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the Bank. The Bank is expected to generate taxable income from 2020 onwards. The losses can be carried forward indefinitely and have no expiry date.

3.1 Valuation of financial instruments

The table below analyses financial and non-financial instruments measured at fair value at the end of the financial year, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Recurring fair value measurements

<i>In thousands of Nigerian Naira</i>	Level 1	Level 2	Total
Assets			
Financial instrument held for trading			
- Treasury bills	3,828,375	-	3,828,375
- Derivative financial assets	20,753	-	20,753
Pledged assets			
- Treasury bills	1,182,312	-	1,182,312
Investment securities at FVOCI			
- Treasury bills	9,222,403	-	9,222,403
	14,263,843	-	14,263,843
Liabilities			
Derivative financial liabilities	-	87,319	87,319
	-	87,319	87,319

There were no transfers between levels 1 and 2 during the year.

NOVA MERCHANT BANK LIMITED**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

3.1.2 The carrying value of financial assets and liabilities that are not measured at fair value approximate their fair values.

3.1.3 Recognised fair value measurements**Financial instruments in level 1**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily classified as trading securities or available for sale investments.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation techniques used to value financial instruments include:

- (i) Quoted market prices or dealer quotes for similar instruments;
- (ii) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- (iii) Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Financial instruments in level 3

There were no level 3 financial instruments with recurring fair value measurements as at year end.

3.2 Financial instruments

The Bank's financial instruments are categorised as stated below:

December 2018	Financial assets			Financial liability	
	At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	At fair value through profit or loss	At amortised cost
<i>In thousands of Nigerian Naira</i>					
Financial assets					
Balances with banks	-	-	1,196,794	-	-
Financial assets held for trading	-	-	3,828,376	-	-
Derivative financial assets	20,753	-	-	-	-
Loans to banks and other financial institu	-	-	3,883,786	-	-
Loans and advances to customers	-	-	2,427,817	-	-
Investment securities at FVOCI	-	9,222,403	-	-	-
Pledged assets	-	1,192,312	-	-	-
Other assets	-	-	1,169,004	-	-
Financial liabilities					
Derivative financial liabilities	-	-	-	67,310	-
Due to other financial institutions	-	-	-	-	427,787
Due to customers	-	-	-	-	6,096,696
Other liabilities	-	-	-	-	839,760
	20,753	10,414,715	12,508,676	67,310	7,334,243

NOVA MERCHANT BANK LIMITED**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

2.5 The table below sets out the classification of each class of financial assets and liabilities, and their fair values.

In thousands of Nigerian Naira	Fair value through profit or loss	Amortized cost	FVOCI	Financial Liabilities at fair value	Total carrying	Fair value
Balances with banks	-	1,196,794	-	-	1,196,794	1,196,794
Financial instruments held for trading	3,828,373	-	-	-	3,828,373	3,828,373
Derivative financial assets	20,763	-	-	-	20,763	20,763
Loans to banks and other financial institu	-	3,883,786	-	-	3,883,786	3,883,786
Loans and advances to customers	-	2,427,818	-	-	2,427,818	2,427,818
Pledged assets	-	-	-	-	-	-
- Treasury bills	-	-	129,041	-	129,041	129,041
- Bonds	-	-	1,066,271	-	1,066,271	1,066,271
Investment securities at FVOCI	-	-	8,222,403	-	8,222,403	8,222,403
Other assets	-	797,473	-	-	797,473	797,473
	3,849,026	8,214,871	10,414,716	-	23,476,716	23,476,716
Derivative financial liabilities	-	-	-	87,319	87,319	87,319
Due to financial institutions	-	427,787	-	-	427,787	427,787
Due to customers	-	5,066,898	-	-	5,066,898	5,066,898
Other liabilities	-	798,614	-	-	798,614	798,614
	-	7,291,087	-	87,319	7,378,408	7,378,408

4 Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- i) To comply with the capital requirements set by the Central Bank of Nigeria;
- ii) To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- iii) To maintain a strong capital base to support the development of its business.

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. In accordance with Central Bank of Nigeria regulations, a minimum ratio of 10% is to be maintained for merchant banks. The Standardised approach has been adopted in computing the risk weighted assets for Credit, Operation.

The regulatory capital requirements are strictly observed when managing capital. The Bank's regulatory capital is managed by its Bank Treasury and comprises:

- Tier 1 capital: This includes ordinary share capital, share premium, retained earnings and other reserves excluding regulatory reserves. Intangible assets, deferred tax assets and investment in subsidiaries were also deducted from Tier 1 capital for capital adequacy purposes; and
- Tier 2 capital: This includes fair value reserves, foreign currency translation reserves with adjustments for investments in subsidiaries.

NOVA MERCHANT BANK LIMITED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4 Capital management - Continued

<i>In thousands of Nigerian Naira</i>	31-Dec-18	31-Dec-17
Tier 1 capital		
Ordinary share capital	16,000,000	16,000,000
Retained earnings	1,115,666	357,403
Other reserves	485,785	153,173
Shareholders fund	17,601,451	16,510,576
Less:		
Fair value reserve	60,130	-
Total Tier 1	17,541,321	16,510,576
Less:		
Deferred tax assets	294,497	84,497
Regulatory risk reserve	47,428	-
Intangible assets	727,669	3,066
	1,069,494	87,563
Adjusted Tier 1	16,471,827	16,423,013
Tier 2	-	-
Total regulatory capital	16,471,827	16,423,013
Risk-weighted assets	7,210,842	689,673
Total regulatory capital expressed as a percentage of total risk-weighted assets	230.10%	2450.90%
Total tier 1 capital expressed as a percentage of risk-weighted assets	230.10%	2450.90%

NOVA MERCHANT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

5 Interest income

<i>In thousands of Nigerian Naira</i>	<i>Notes</i>	<i>2018</i>	<i>2017</i>
i Interest income at FVDCI			
Bonds		78,684	-
Treasury bills		1,536,020	-
		1,614,704	-
ii Interest income at amortised cost			
Placements		181,745	-
Loans and advances to customers		100,070	-
Income from deposit with CBN		-	1,224,514
		281,815	1,224,514
		1,876,519	1,224,514

6 Interest expense

Interest expense on deposits		365,924	-
Interest on shareholder loan (see note (i) below)		7,423	60,878
		373,347	60,878

i the amount represents the interest charged on the loan received from the shareholders in 2017. The loan was settled in May 2018

7 Impairment charges on for credit losses

<i>In thousands of Nigerian Naira</i>	<i>Notes</i>	<i>2018</i>	<i>2017</i>
Loans and advances to customers	17	980	-
Loans and advances to banks	16	2	-
Off balance sheet engagements	25	166	-
		1,148	-

8 Fee and commission income

Credit related fees		4,312	-
Fees, commissions and charges		24,756	-
		29,068	-

9 Net gains on financial instruments held for trading

Nigerian Treasury Bills		812,040	-
Derivatives		(88,566)	-
		545,475	-

NOVA MERCHANT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

10 Net foreign exchange gains

In thousands of Nigerian Naira	Notes	2018	2017
Foreign currency revaluation gain		88,920	-
Foreign currency income		213,499	-
		302,419	-

11 Operating expenses

Staff cost	1	453,315	109,016
Depreciation charge on property and equipment	23	136,979	10,932
Amortisation of intangible assets	22	8,314	185
Prepaid rent expense		30,000	10,000
Professional fees and legal expense		11,756	137,400
Business travel expenses		12,603	5,339
Auditors' remuneration		5,000	3,000
Administrative expense		64,884	8,077
Directors' emoluments and expenses	11	355,375	93,625
Consultancy expenses		17,880	55,250
Stationeries, postage, printing and consumables		1,052	6,107
Incorporation fees		-	148,764
Stamp duty		-	150,001
CBN license and application fees		-	5,500
Repairs and maintenance		32,911	-
Advertisement expense		36,809	-
Subscription expense		101,151	-
Other license fees		74,315	-
Other expenses		78,038	-
		1,420,882	743,396

1 Staff cost

Staff related costs, excluding executive directors, during the year/period amounted to:

Wages, salaries, other benefits and staff costs	428,180	106,941
Pension costs - Defined contribution plan	25,125	2,075
	453,315	109,016

The number of persons employed by the Bank during the year/period was as follows:

	2018	2017
	Number	Number
Executive	3	3
Management	21	9
Non-management	18	9
	42	21

NOVA MERCHANT BANK LIMITED**NOTES TO THE FINANCIAL STATEMENTS - Continued****i Staff cost**

The number of employees of the Bank, other than Directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were:

N300,001 - N1,000,000	2	7
N1,000,001 - N3,000,000	5	3
N3,000,001 - N5,000,000	7	6
Above N5,000,000	25	2
	39	18

ii Directors' emoluments and expenses

<i>In thousands of Nigerian Naira</i>	<i>Notes</i>	2018	2017
---------------------------------------	--------------	-------------	-------------

Remuneration paid to the directors (excluding certain allowances) is shown below

Fees and sitting allowances	67,400	-
Executive compensation	227,369	87,281
Pension cost - defined contribution scheme	17,383	3,701
Other directors' expenses	43,213	2,833
	355,375	83,825

The number of directors who received fees and other emoluments (excluding pension contributions and certain benefits) in the following ranges was:

	2018	2017
	Number	Number
N5,000,001 - N11,000,000	-	-
Above N15,000,000	3	3
	3	3

12 Income tax

<i>In thousands of Nigerian Naira</i>	<i>Notes</i>	2018	2017
---------------------------------------	--------------	-------------	-------------

Income tax credit for the year/period comprises:

i Income tax charge		
NITDA levy	(9,806)	(4,161)
Total current tax charge	(9,806)	(4,161)
ii Deferred tax		
Deferred tax from origination of temporary difference	200,000	84,487
Total deferred tax credit	200,000	84,487
Income tax credit	190,194	80,326

NOVA MERCHANT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

12 Income tax

iii Reconciliation of effective tax rate

<i>In thousands of Nigerian Naira</i>	<i>Notes</i>	<i>2018</i>	<i>2017</i>
Profit before income tax		990,591	420,240
Effective tax as per accounts:			
Income tax using the companies Income tax rate at 30%		298,177	126,072
Non-deductible expenses		42,070	151,313
Tax exempt income		(897,562)	(368,602)
Tax incentives		367,305	91,217
Effect of NITDA levy		9,808	4,161
Tax losses unutilised		(200,000)	(94,497)
Total income tax credit in Income statement		(190,394)	(90,336)
Effective income tax credit (%)		(0.20)	(0.21)

Based on Nigerian tax law, Companies Income Tax Act provides that current tax is determined as the higher of amount computed based on 30% (2017: 30%) of taxable profit, minimum tax and 30% (2017: 30%) of dividend declared. There were no changes in corporate and education tax rates during the year. The corporate Income tax charge for the year was based on minimum tax provisions, however the Bank is exempt from minimum tax as it is still within the first four years of its incorporation.

Tax exempt income include income such as income on Federal Government of Nigeria Bonds and Nigerian Treasury Bills which are exempt from income tax and other applicable taxes as gazetted by the Federal Government of Nigeria.

iv Current income tax liability

<i>In thousands of Nigerian Naira</i>	<i>Notes</i>	<i>31-Dec-18</i>	<i>31-Dec-17</i>
Opening balance		4,161	-
Tax paid		(4,161)	-
Income tax charge		9,806	4,161
Closing balance		9,806	4,161

v Deferred tax asset

Opening balance		94,497	-
Deferred tax credit		200,000	94,497
Closing balance		294,497	94,497

vi Deferred tax assets are attributable to the following items

Tax losses carried forward		290,198	90,198
Capital allowances carried forward		4,299	4,299
		294,497	94,497

NOVA MERCHANT BANK LIMITED**NOTES TO THE FINANCIAL STATEMENTS - Continued****13 Earnings per share**

	Notes	2018	2017
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average			
Profit for the period from continuing operations (in thousands of Naira)	a	1,150,935	510,576
Weighted average number of ordinary shares in issue (in thousands of units)	b	16,000,000	16,000,000
Basic earnings per share from continuing operations (in kobo)	a/b	7.19	3.19

14 Balances with banks

In thousands of Nigerian Naira	Notes	31-Dec-18	31-Dec-17
Central bank		124,506	-
Banks in Nigeria		7,435	-
Banks outside Nigeria		1,063,853	-
		1,195,794	-
Current		1,195,794	-

Included in balances with banks outside of Nigeria is an amount of N648.4m (31 Dec 2017: Nil) representing the naira value of foreign currency held on behalf of customers to cover letters of credit transactions. The corresponding liability is reported as 'customers' deposit for foreign trade under other liabilities (see note 25).

15 Financial assets held for trading

In thousands of Nigerian Naira	Notes	31-Dec-18	31-Dec-17
Nigerian Treasury Bills		3,828,375	-
		3,828,375	-
Current		3,828,375	-

16 Loans to banks and other financial institutions

Placements with banks		3,893,788	-
ECL impairment charge	7	(2)	-
		3,893,786	-
Current		3,893,786	-

NOVA MERCHANT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

17 Loans and advances to customers

in thousands of Nigerian Naira	Notes	31-Dec-18	31-Dec-17
Loans and advances to customers		2,238,575	-
Loans to staff		190,223	23,163
Allowance for impairment	7	(980)	-
		<u>2,427,818</u>	<u>23,163</u>
Non-current		2,427,818	23,163

18 Investment securities

Debt securities (Nigerian Treasury Bills) measured at FVOCI	9,222,403	-
	<u>9,222,403</u>	<u>-</u>
Current	9,222,403	-

19 Derivative financial instruments

in thousands of Nigerian Naira	Notes	31-Dec-18	
i Derivative financial assets			
		Notional amount	Fair value
Foreign exchange forward contracts		689,682	20,753
Swap contract		1,524,993	-
		<u>2,214,675</u>	<u>20,753</u>
ii Derivative financial liabilities			
Foreign exchange forward contracts		844,165	(31,869)
Swap contract		1,738,493	(55,450)
		<u>2,582,658</u>	<u>(87,319)</u>

All derivative contracts are current in nature. Derivative financial instruments consist of forward contracts. These are held for day to day cash management rather than for trading purposes and are held at fair value. The contracts have intended settlement dates of between 30 days and a year. All derivative contracts are considered to be valued with reference to data obtained from the Financial Market Dealer Quotation (FMDQ).

NOVA MERCHANT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

20 Pledged assets

<i>in thousands of Nigerian Naira</i>	Notes	31-Dec-18	31-Dec-17
<i>Classified as fair value through other comprehensive income</i>			
Nigerian Treasury Bills		123,041	-
Federal Government of Nigeria (FGN) bonds		1,069,271	-
		<u>1,192,312</u>	<u>-</u>
Current		123,041	-
Non-current		<u>1,069,271</u>	<u>-</u>
		<u>1,192,312</u>	<u>-</u>

The Bank pledged the FGN Bonds to the Nigeria Interbank Settlement Scheme (NIBSS) as a requirement to enable the Bank use the NIBSS Instant Payment (NIP) gateway. The treasury bills were pledged to FMDQ as a requirement to enable the Bank use the FMDQ OEX system.

21 Other assets

<i>in thousands of Nigerian Naira</i>	Notes	31-Dec-18	31-Dec-17
<i>Financial assets</i>			
Contribution to AGSMEIS	i	25,528	-
Foreign exchange settlement	ii	383,080	-
Others	iii	318,648	-
Cash advance		219	2,501
Deposit with Central Bank of Nigeria		-	17,224,614
		<u>707,475</u>	<u>17,227,085</u>
<i>Non-financial assets</i>			
Prepayments		272,110	290,000
Advance payment	iv	-	40,325
		<u>272,110</u>	<u>330,325</u>
		<u>979,585</u>	<u>17,557,341</u>
Current		707,473	17,541,897
Non-current		<u>272,110</u>	<u>15,443</u>
		<u>979,585</u>	<u>17,557,341</u>

- i This represents contribution to Agri-Business/Small and Medium Investment Scheme aimed at supporting the Federal Government's effort at promoting agricultural businesses as well as Small and Medium Enterprises. It is an initiative of the Bankers' Committee in which banks are required to set aside 3% of their Profit After Tax for investment in qualified players. The fund is domiciled with the Central Bank of Nigeria.
- ii These amounts are receivables from the Central Bank of Nigeria for the purchase of foreign currency from the Retail Special Secondary Market Intervention Sales (SMS) window.
- iii This relates to payment made by the Bank to a consultant for the process of setting up subsidiaries.
- iv This is advance payment for furniture in 2017.

NOVA MERCHANT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

22 Intangible assets

<i>In thousands of Nigerian Naira</i>	<i>Computer software</i>	<i>Work-in-progress</i>	<i>Total</i>
Cost			
Balance at 17 May	-	-	-
Additions	3,251	-	3,251
Balance at 31 December 2017	3,251	-	3,251
Additions	80,845	641,971	732,816
Balance at 31 December 2018	84,096	641,971	726,067
Accumulated amortisation			
Balance at 17 May	-	-	-
Amortization for the period	185	-	185
Balance at 31 December 2017	185	-	185
Amortization for the year	6,314	-	6,314
Balance at 31 December 2018	6,499	-	6,499
Net book value			
31 December 2017	3,066	-	3,066
31 December 2018	85,597	641,971	727,568

EXTRACT FROM THE REPORTING ACCOUNTANTS REPORT

NOVA MERCHANT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

23 Property and equipment

in thousands of Nigerian Naira	Office equipment	IT equipment	Furniture and fittings	Motor vehicle	Leasehold improvement	Total
Cost						
Balance as at 17 May 2017	-	-	-	-	-	-
Additions	27,314	30,245	-	-	267,057	324,616
Balance as at 31 December 2017	27,314	30,245	-	-	267,057	324,616
Additions	29,295	151,857	89,716	598,503	11,074	1,030,545
Balance as at 31 December 2018	52,609	382,202	89,716	598,503	278,131	1,361,161
Depreciation						
Balance as at 17 May 2017	-	-	-	-	-	-
Depreciation for the period	1,210	1,433	-	-	5,289	10,932
Balance as at 31 December 2017	1,210	1,433	-	-	5,289	10,932
Depreciation for the year	8,588	27,255	9,000	54,251	21,199	130,979
Balance as at 31 December 2018	9,798	28,688	9,000	54,251	26,488	147,911
Net book value						
At 31 December 2017	26,104	28,812	-	-	258,768	313,684
At 31 December 2018	42,811	343,514	40,036	544,248	242,643	1,213,250

NOVA MERCHANT BANK LIMITED**NOTES TO THE FINANCIAL STATEMENTS - Continued****24 Due to customers**

<i>In thousands of Nigerian Naira</i>	31-Dec-18	31-Dec-17
Demand deposits	1,461,449	-
Term deposits	4,595,237	-
	6,056,686	-
Current	6,056,686	-

25 Other liabilities**Financial liabilities**

Borrowing from shareholders	-	1,406,614
Customer's deposits for foreign trade	I 648,409	-
Amount held for customer foreign exchange transactions	II 41,818	-
Sundry Creditors	69,620	29,147
Other payables	6,300	-
ECL impairment change on off balance sheet engagements	7 166	-
	766,613	1,435,761
<u>Non-Financial liabilities</u>		
Statutory payables	16,697	41,252
	783,310	1,477,013
Current	783,310	1,477,013

I This represents the fair value of foreign currencies held on behalf of customers to cover letters of credit transactions.

II This represents collections for the purchase of foreign currency from the Central Bank of Nigeria on behalf of customers.

26 Share capital

<i>In thousands of Nigerian Naira</i>	31-Dec-18	31-Dec-17
i Authorised shares at N1 each	20,000,000	20,000,000
ii Issued and paid up shares at N1 each:		
Opening balance	-	-
Issued during the year	16,000,000	16,000,000
Closing balance	16,000,000	16,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Bank.

NOVA MERCHANT BANK LIMITED**NOTES TO THE FINANCIAL STATEMENTS - Continued****27 Retained earnings and other reserves****i Statutory reserves**

Nigerian Banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of Nigeria, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital.

ii Retained earnings

Retained earnings are the carried forward recognised income net of expenses plus current year/period profit attributable to shareholders.

iii Fair value reserves

The revaluation reserves show the effects from the fair value measurement of financial instruments of the fair value through other comprehensive income category. Any gains or losses on this class of financial instruments are not recognised in the Income statement until the asset has been sold or impaired.

iv Regulatory risk reserves

This represents a non-distributable reserves for the excess between the impairment reserves on loans and advances determined using Prudential Guidelines issued by the Central Bank of Nigeria over the impairment reserves calculated under IFRS.

Movement in regulatory risk reserves

<i>in thousands of Nigerian Naira</i>	31-Dec-18	31-Dec-17
Opening balance	-	-
Transfer from retained earnings	47,428	-
Closing balance	47,428	-

28 Prudential adjustments**Prudential guidelines provision:**

- General provisions	48,576	-
	48,576	-

IFRS Impairment provisions:

- ECL change on financial assets	1,148	-
	1,148	-

Difference in IFRS impairment over prudential guidelines accounted for in regulatory risk reserves

	47,428	-
--	--------	---

NOVA MERCHANT BANK LIMITED**NOTES TO THE FINANCIAL STATEMENTS - Continued****28 Prudential adjustments**

In line with the regulatory requirements of the Central Bank of Nigeria, provisions for loans recognised in the statement of comprehensive income determined based on the impairment provision requirement under IFRS should be compared with the provisions determined under prudential guidelines and the difference should be treated as follows:

I. If impairment under Prudential Guidelines exceed the IFRS provisions; the resulting excess provision should be transferred from the general reserve account to non-distributable "regulatory risk reserve"

II. If the provisions under the Prudential Guidelines is less than the IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the general reserve account.

As at 31 December 2018, the CBN Prudential provision was higher than the IFRS impairment provision. The sum of ₦47.4 million was reclassified from retained earnings to the regulatory risk reserve.

28 Contingent liabilities and commitments**I Credit related commitments**

In the normal course of business, the Bank is party to financial instruments with off-balance sheet risk. The instruments are used to meet credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

<i>In thousands of Nigerian Naira</i>	31-Dec-18	31-Dec-17
Letters of credit	3,115,216	-
Bonds and Guarantees	118,210	-
Loan commitments	50,000	-
	3,283,426	-

NOVA MERCHANT BANK LIMITED**NOTES TO THE FINANCIAL STATEMENTS - Continued****30 Related party transactions**

A number of transactions are entered into with related parties in the normal course of business. These include wages and salaries paid and payable to related parties, Employer Pension contribution and loans and advances to related parties. In line with IAS 24, the Bank categorised its shareholders, directors, members of its key management personnel and their related entities or persons of influence with which the Bank had transactions for disclosure purposes.

i Key management personnel

	in thousands of Nigerian Naira	31-Dec-18	31-Dec-17
a Compensation to directors			
Fees and sitting allowances		67,400	-
Wages and salaries		227,369	67,292
Pension Contribution		17,393	3,701
Other directors expenses		43,213	2,833
		355,375	73,826
b Loans and advances to directors		139,559	20,000

Loans outstanding

Loans to directors as disclosed above represent personal staff loans which are payable within 4 - 10 years. The loan is given at below market rate of interest. There were no specific loan loss provision related to the amounts outstanding. No loan was granted to any key management staff or employee outside their employment scheme of service.

c Loans from shareholders

	in thousands of Nigerian Naira	31-Dec-18	31-Dec-17
Borrowing from shareholders (Principal amount)		-	1,345,736
Interest on borrowing from shareholders		7,423	60,878

Money was borrowed from the shareholders during the period to fund all the recurring and capital expenditures of the Bank. Interest rate on the borrowing was 16% per annum.

31 Interest in unconsolidated subsidiaries

This amount represents capital paid to a consultant for setting up of the Bank's subsidiaries. As at 31 December 2018, Nova Merchant Bank Limited had interest in the following companies shown in the table below:

Name of Subsidiary	Principal activity	Place of operation	Proportion of ownership interests
NovaM&L Asset Management Limited	Fund & Portfolio Management	Lagos	99%
NovaM&L Securities Limited	Trading in Financial Securities	Lagos	99%

NOVA MERCHANT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

31 Interest in unconsolidated subsidiaries

These companies have no asset or liabilities and have not been consolidated in the books of Nova Merchant Bank Limited as they have not been fully incorporated. Nova Merchant Bank Limited is in the process of ensuring it meets the legal and regulatory requirements of setting up the companies.

Nova Merchant Bank Limited intends to complete the registration process in the foreseeable future.

32 Events after statement of financial position date

There were no events subsequent to the financial position date which require adjustments to, or disclosure in these financial statements.

33 Compliance with banking regulations

During the year, the Bank did not pay any penalty in contravention of BOFIA or relevant circulars of the CBN.

34 Non-audit services

During the year, PricewaterhouseCoopers was engaged to perform a review of the Bank's IFRS 9 model. The agreed fee for the engagement was ₦4 million.

35 Insider related credits

In compliance with Central Bank of Nigeria circular BSD/1/2004 on insider related credits, the Bank had no insider related credits during the period.

TAX CONSIDERATIONS

The foregoing summary does not purport to be comprehensive and does not constitute advice on tax to any actual or prospective investor in Bonds issued under the Programme. In particular, it does not constitute a representation by the Issuer or its advisers on the tax consequences attaching to a subscription or purchase of Bonds issued under the Programme. Tax considerations that may be relevant to a decision to acquire, hold or dispose of Bonds issued under the Programme and the tax consequences applicable to each actual or prospective purchaser of the Bonds may vary. Any actual or prospective purchaser of the Bonds who intends to ascertain his/her tax position should seek professional advice from his/her preferred professional advisers as to the tax consequences arising from subscribing to or purchasing the Bonds, bearing in mind his/her peculiarities. Neither the Issuer nor its advisers shall be liable to any subscriber or purchaser of the Notes in any manner for placing reliance upon the contents of this section.

Under current legislation in Nigeria, the tax consequences of an investment in the Bonds to be issued under the Programme are quite broad and extensive. These include exemption from Companies Income Tax, Value Added Tax and Personal Income Tax respectively, by virtue of the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order 2011, the Value-Added Tax (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011 and the Personal Income Tax (Amendment) Act 2011.

In addition, the Bonds may qualify for a waiver from Capital Gains Tax¹ the tax waiver approved by the Federal Government in March 2010.

¹ Necessary legal backing for this is subject to completion of the administrative and legislative processes



February 28, 2020

**The Group CEO
United Capital Plc**
3rd & 4th Floor, Afriland Towers
97/105 Broad Street
Lagos

**The Executive Director
Union Capital Markets Limited**
7 Falal Durosinmi Elli Crescent,
Off Ligali Ayarinde Street
Victoria Island
Lagos

**The Chief Executive
Stanbic IBTC Capital Limited**
I.B.T.C Place
Walter Carrington Crescent
Victoria Island
Lagos

Dear Sir,

CONFIRMATION OF GOING CONCERN STATUS OF NOVA MERCHANT BANK LIMITED

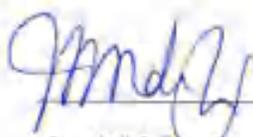
Nova Merchant Bank Limited via a special purpose vehicle Novambt Investments Plc is in the process of registering a ₦50,000,000,000 Debt Issuance Programme.

Based on our review of the financial statements of Nova Merchant Bank Limited for the year ended 31st December 2019, we have reasonable expectations that Nova Merchant Bank Limited has adequate resources to continue as a going concern in the foreseeable future.

This letter has been prepared only for the purposes of compliance with the rules and regulations of the Securities and Exchange Commission ("SEC").

Yours faithfully,

For and on behalf of Nova Bank Merchant Bank Limited



Ayodeji Adigun
ED/ COO



Anyalechi Dutoha
MD/CEO



9 March 2020

The Managing Director/CBO
Nova Merchant Bank Limited
23, Kofo Abayomi Street
Victoria Island
Lagos.

Dear Sir,

CONFIRMATION OF GOING CONCERN STATUS OF NOVA MERCHANT BANK LIMITED

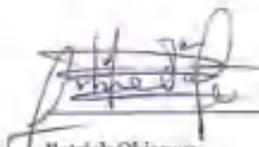
Nova Merchant Bank Limited via a special purpose vehicle Novambl Investments Plc is in the process of registering a N50,000,000,000 Debt Issuance Programme.

We have audited the financial statements of Nova Merchant Bank Limited for the year ended 31 December 2019 which were prepared in accordance with International Financial Reporting Standards, the Companies and Allied Matter Act and the Financial Reporting Council of Nigerian Act.

Based on our audit of the financial statements for the year ended 31 December 2019 on which we expressed our opinion and the representation received from the directors of the bank, nothing has come to our notice that makes us believe that the bank will not continue in operations as a going concern for at least 12 months from 31 December 2019.

This letter has been prepared only for the purposes of compliance with the rules and regulations of the Securities and Exchange Commission ("SEC").

Yours faithfully,
For: PricewaterhouseCoppers



Patrick Obianwa
Partner

PRICEWATERHOUSECOOPERS

RISK FACTOR

An investment in the Debt Securities involves certain risks, most of which may or may not occur and neither the Issuer nor any of the Issuing Houses is in a position to express a view on the likelihood of any such contingency occurring. Accordingly, prospective investors should carefully consider, amongst other things, the following risk factors together with all the other information included in this Shelf Prospectus and any applicable Pricing Supplement before purchasing the Debt Securities.

RELATING TO THE NIGERIAN ECONOMY

Nigeria's Mono-Economy System

The oil sector plays a central role in Nigeria's economy, as it accounts for a substantial portion of export earnings. The sector contributed 8.35% and 8.68% to real GDP in 2016 and 2017 respectively and over 90% of export earnings in 2017. The oil sector grew 14.7% year-on-year in the first quarter of 2018, accelerating from a 11.2% expansion in the prior period which account for 9.6% of the GDP compared to 8.5% in 2017.

Government's revenues are substantially dependent on revenue from oil sector, which includes the sale of crude oil and gas, royalties and taxes and fees. In 2016, the Nigerian economy was significantly affected by the global slide in oil prices as evidenced by the substantial drop in foreign currency reserves, significant weakening of its currency, withdrawal of foreign portfolio capital and a corresponding decline in stock market performance and government revenues. While the Federal Government advances in its efforts to diversify the economy from its dependence on oil revenue, the Nigerian economy is very sensitive to volatility of global oil prices.

Emerging Market Related Risks

The Bank's operations are based in Nigeria and as such it faces the risks typical of an emerging market. These risks include political risks, changes to the economic environment and under-investment in infrastructure. Entities operating in emerging markets are also susceptible to higher instances of corruption, fraud, bribery and criminal activity. Failure to implement control to prevent any of the aforementioned risks may result in criminal penalties and reputational damage that may materially affect the Bank's financial condition or operations. Although the Bank has a sound corporate governance structure, it may not detect or prevent all instances of fraud, criminal activity, bribery or corruption.

Political Environment

Political risks are associated with the nation's political climate. Nigeria's diverse political, religious and ethnic landscape has led to struggles for power between rival groups, and this has consistently influenced the quality of governance in the country. The continued criminal activity, regional unrest, political and religious conflicts in the country may lead to lower oil production, deter investments in the country and lead to increased political instability that could have a material adverse effect on Nigeria's economy. Changes in government policies that directly or indirectly affect the banking landscape could impact on the Bank's business.

RISK FACTORS RELATING TO THE SPONSOR

The ultimate obligor for the indebtedness arising from the issuance of these bonds is Nova Merchant Bank Limited. The Bank is exposed to commercial and market risks in the ordinary course of its business, the most significant of which are credit risk, market risk, liquidity risk, operational risk and regulatory and legal risk. Whilst the Bank has implemented appropriate policies, systems and processes to control and mitigate these risks, investors should note that any failure to control these risks adequately could have an adverse effect on the financial condition and reputation of the Bank. Below are brief descriptions of the risk factors that are material in respect of the financial situation of the Bank under the Programme.

RISK FACTORS

Credit Risk

Credit risk is the risk that the Bank may not be able to recover funds and suffer losses because a customer or counterparty is unable or unwilling to meet contractual obligations to the Bank when due.

Market Risk

Market risk is the possibility of the bank experiencing losses due to factors that affect the overall performance of the financial markets in which it is involved. The Bank undertakes trading and investment activities in fixed income securities such as bonds, treasury bills, interbank takings and placements, as well as foreign exchange trading, all of which give rise to market risk exposure. Market risks can arise from adverse changes in interest rates, foreign exchange rates, equity prices, commodity prices and other relevant factors such as market volatility

- **Foreign Exchange Risk**

These are risks that arise from the change in price of one currency against another. The bank undertakes transactions denominated in foreign currencies. Unfavourable movement in exchange rates may affect the bank's foreign currency transactions, the value of the Bank's foreign currency-denominated assets and liabilities and may have a negative impact on its financial condition

- **Interest Rate Risk**

The principal risk to which the Bank's non-trading portfolios are exposed is the risk of loss arising from fluctuations in the future cash flow of fair values of financial instruments and risk assets because of a change in the market interest rate.

Liquidity Risk

Liquidity Risk is the risk to the Bank's earnings and capital arising from its inability to fund increases in assets or to meet its payment obligations to its customers as they fall due or to replace funds when they are withdrawn. The ability of an institution to transact business effectively can be hampered by liquidity challenges. Liquidity risk has the tendency to compound other risks such as market and credit; and as such needs to be properly managed.

Operational Risk

This is the risk of direct or indirect loss arising from inadequate and/or failed internal processes, people and systems or external events. They include: fraud, fines or expenses incurred as a result of settlement delays and regulatory infractions; litigation processes including out of court settlements; damage to the physical assets; system downtime, malfunction or disruption and the losses arising thereof.

Regulatory and Legal Risk

This is the risk of non-compliance with applicable financial service regulations, thereby exposing the Bank to penalties and reputational damage. It may include the risk that a change in law and regulation or increased complexity in local and international regulatory environment will materially impact the Bank.

RISK FACTORS

RISKS RELATING TO THE ISSUER

Credit Risk

The Issuer is a special purpose vehicle ("SPV") with no operations or significant assets other than issuing the Bonds and purchasing corresponding Notes issued by the Bank. The Issuer has an obligation under the Terms and Conditions of the Bonds and the Programme Trust Deed to pay such amounts of principal and interest, and additional amounts (if any) as are due in respect of the Bonds. However, the Issuer's obligation to pay is equal to the amount of principal, interest and additional amounts (if any) received and retained (net of tax) by or for the account of the Issuer from the Sponsor pursuant to the corresponding notes.

The issuer is primarily exposed to the risk of default by its counterparty- the Sponsor. The source of repayment to the Bondholders is primarily payment received by the issuer with regards to notes issued by the sponsor. Consequently, if the Bank fails to meet its payment obligations on the notes in full, it will result in the Bondholders receiving less than the scheduled amount of principal and/or interest and/or other amounts (if any) payable on the bonds. Investors are relying solely on the creditworthiness of the Sponsor. Therefore, investment in the bonds also involves the risk that subsequent changes in the actual or perceived creditworthiness of the Sponsor may adversely affect the market value of such bonds.

Change in Law

The Terms and Conditions of the Programme are based on Nigerian law in effect as at the date of this Shelf Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Nigerian law or the official application or interpretation of the Nigerian law after the date of this Shelf Prospectus.

Repayment Risk

The Issuer used the proceeds of the Bonds to purchase Notes from the Bank. As such, a default by the Bank in its obligations to the Issuer on a payment date will translate into a default by the Issuer in its obligations leading to the non-payment of the Coupon and Principal Amount on the Bond on a payment date.

RISK RELATING TO THE BOND

Liquidity Risk

Bonds are traded after their initial issuance and may trade at a discount to their initial offering price, depending on the market for similar securities, general economic conditions and the financial condition and prospectus of the Bank. Although applications will be made for Bonds issued under the Programme to be admitted and traded on the FMDQ platform and/or the NSE, there is no assurance as to the development or liquidity of any trading market for any particular issue of the bonds.

Credit rating may not reflect the potential impact of the Bond's risks

The Bonds will be assigned a rating by SEC-registered rating agencies and any other independent rating agency. The ratings may not reflect all the risks related to the structure, market, additional factors discussed above, and any other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the Rating Agency at any time.

RISK FACTORS

Early Redemption

The Bonds may be subject to early redemption therefore Bondholders may face the risks that the Bonds will be redeemed before maturity in a falling interest rate environment, forcing the Bondholders to reinvest the proceeds at a lower rate of return.

Extract of the Issuer’s Board Resolution Authorizing the Programme

At the meetings held on 23rd December 2019, the Board of Directors of Novambl Investments SPV PLC passed a resolution approving the establishment of a ₦50 billion Bond Issuance Programme.

Ownership Structure of the Issuer

As at 31 December 2019 the shareholding structure of the issuer is as follows:

Shareholders	Number of Shares Held	Shareholding %
Leadway Capital and Trust Limited	999,999	99.99%
Philips Oduoza	1	0.0001%

Incorporation and Share Capital History of the Issuer

Novambl Investments SPV PLC was incorporated in Nigeria on 18th day of December 2019. The Issuer has no subsidiaries and has been established as a special purpose vehicle for the purpose of passing through funds to and receiving funds from Nova Merchant Bank Limited.

Currently NOVAMBL Investments SPV PLC has an authorised and issued share capital of ₦1,000,000 divided into 1,000,000 ordinary shares of ₦1.00 each.

Extract of the Sponsor’s Board Resolution Authorization of the Programme

At the meetings held on 30th May 2019, the Board of Directors of Nova Merchant Bank Limited passed a resolution approving the establishment of a ₦50 billion Bond Issuance Programme.

Ownership Structure of the Sponsor

According to the register of shareholders as at 31 December 2018, the following shareholders held 5% and above of the issued share capital of the Bank:

Shareholders	Number of Shares Held	Shareholding %
Afriglobal Investment Holding	1,980,250	12.4%
Five Star Associate Limited	1,980,250	12.4%
Carbon Commodities DMCC	3,960,500	24.7%
Philips Oduoza	6,962,160	50.5%

Incorporation and Share Capital History of the Sponsor

Nova Merchant Bank Limited was incorporated on 17 May 2017 in Nigeria and is intended to carry on the business of Merchant Banking in Nigeria as may be prescribed by the Central Bank of Nigeria (CBN).

Currently Nova MB has an authorised share capital of ₦20,000,000,000 comprising of 20,000,000,000 ordinary shares of ₦1 each, and its issued and fully paid up is ₦16,000,000,000 comprising of 16,000,000,000 ordinary shares of ₦1 each.

Directors Beneficial Interests of the Sponsor

The Interest of Directors in the issued share capital of the Bank as recorded in the register of Directors' shareholding and/or as notified by the Directors for the purpose of Sections 275 and 276 of the Companies and Allied Matters Act

Name	Direct Holding	Indirect Holding
Philips Oduoza	6,962,160	1,116,840

The details of indirect holding of directors in the issued share capital of the Bank are as follows;

Name	Company	Indirect Holding
Philips Oduoza	BOP Integrated Investment Limited	158,420
	Benix Nigeria Limited	158,420
	PUE Financial Services	800,000

Statement of Indebtedness

Details of all indebtedness of the Bank at the time of issuance of any bonds under the Programme will be disclosed in the Supplementary Prospectus relating to the series of bonds to be issued

Extract of the Trust Deed

The Programme Trust Deed contains inter alia, the following provisions:

2 Appointment of Trustee and declaration of trust

- 2.1 **Appointment of Trustee:** The Issuer hereby appoints the Trustee to act as the representative of the Bondholders, and to hold the benefits of the covenants, rights and other obligations on the part of the Obligors herein contained for the benefit of the itself and the Bondholders (according to their respective interests) in accordance with the terms of this Programme Trust Deed.
- 2.2 **The Trustee:** The Trustee hereby accepts the appointment with effect from the date of this Programme Trust Deed, declares itself as trustee for the Bondholders and agrees to hold the benefit of the covenants and other obligations on the part of the Obligors herein contained on trust for itself and the Bondholders subject to the terms of this Programme Trust Deed.
- 2.3 **Duration of Trust:** For the avoidance of doubt, the parties to this Programme Trust Deed agree that the common law rule against perpetuities will apply to the trusts constituted under this Programme Trust Deed and that the Deed shall not endure beyond 21 years from the date of its creation. The trusts created by this Programme Trust Deed shall remain in full force and effect until the date on which, following the redemption of all Bonds issued pursuant to the Programme, the Trustee unconditionally confirm in writing to the Issuer that there is no longer any outstanding Indebtedness owing by the Issuer under the Programme; or the date on which the Trustee receive unconditional confirmation in writing from the Registrar that the Bondholders have been paid all outstanding obligations.

3 Amount and Issue of the Bonds

- 3.1 **Amount of the Bonds:** The Bonds will be issued in Series in an aggregate nominal amount from time to time outstanding not exceeding the Programme Limit and for the purpose of determining such aggregate nominal amount, the provisions of the Final Terms shall apply. Any Bonds issued under the Programme shall be constituted by this Programme Trust Deed without further formality. A Series Trust Deed will be issued in respect of each Series.
- 3.2 **Prior to each Issue Date:** By not later than 3.00 p.m. on the fifth Business Day preceding each proposed Issue Date, the Issuer shall:
- (a) deliver or cause to be delivered to the Trustee a draft of the relevant Pricing Supplement or Supplementary Shelf Prospectus and, if applicable, notify the Trustee of any proposed changes to the draft Final Terms delivered to the Trustee;
 - (b) deliver or caused to be delivered to the Trustee, legal opinions (in form and substance satisfactory to the Trustee) or supporting authorizations or approvals of the issuance of that Series of Bonds, as may be required by the Trustee; and
 - (c) notify the Trustee in writing without delay of the Issue Date and the nominal amount of the Bonds of the relevant Tranche.

The Trustee shall not be required in any case to approve such Final Terms.

- 3.3 **Issue of Bonds:** The Bonds shall be issued by way of an offer for subscription or private placement either through a pre-pricing process, book building process and or any other such methods as shall be set out in more detail in the relevant Supplementary Shelf Prospectus or Pricing Supplement.
- 3.4 **Senior and subordinated Bonds:** Any Series of the Bonds may be Senior Bonds or Subordinated Bonds under terms to be provided in the applicable Final Terms.
- 3.5 **Utilisation of Proceeds:** The Issuer shall use the net proceeds from the issue of each Series of Bonds (after deduction of the costs and expenses incurred in connection with the issuance of such Series of Bonds) in accordance with the provisions of the applicable Final Terms.

4 Separate Trusts

- 4.1 Any Series of Bonds issued under the Programme shall be supplemented by a separate trust deed applicable to each Series of Bonds. The Issuer shall execute and deliver such Series Trust Deed to the Trustee containing such provision (whether or not corresponding to any of the provisions contained in this Programme Trust Deed) as the Trustee may require. Each Series Trust Deed shall set out the form of the Series of Bonds to be so issued thereby and shall be accompanied by legal opinions (in form and substance satisfactory to the Trustee) or supporting authorizations or approvals as may be required by the Trustee.
- 4.2 The Bonds of each Series shall form a separate Series and cover a separate class of Bonds and accordingly, all the provisions of this Programme Trust Deed shall apply *mutatis mutandis* separately and independently to the Bonds of each Series and in such Clauses and Schedule the expressions "**Bonds**", and "**Bondholders**" shall be construed accordingly.

STATUTORY AND GENERAL INFORMATION

- 4.3 Each Series Trust Deed shall apply separately and independently to the Bonds of each respective Series.
- 4.4 The Trustee shall hold the benefit of the payment obligation of the Obligors on trust for the Bondholders of the applicable Series of Bonds in accordance with the terms and conditions of each Series Trust Deed.
- 4.5 The name of each series will commence with the word "Series" and will be followed by a number in consecutive order of issuance of the Series (for example the first Series will be known as the "Series 1 Bonds")
- 4.6 If there is any conflict between the provisions of a Series Trust Deed relating to a particular Series and the provisions of this Programme Trust Deed, the provisions of the Series Trust Deed shall, notwithstanding any other provision to the contrary, prevail over the provisions of this Programme Trust Deed in respect of the relevant Series.

5 Covenant to pay

- 5.1 **Covenant to pay:** The Issuer covenants with the Trustee that it shall, in accordance with the relevant Final Terms of any Series, unconditionally pay or procure to be paid to or to the order of the Trustee in immediately available freely transferable funds in Nigerian Naira (or such other currency specified in the relevant Final Terms), the Principal Amount Outstanding of the Bonds of such Series or any of them becoming due for payment on that due date and shall (subject to the Conditions and except in the case of Zero Coupon Bonds) until all such payments (after as well as before any judgment or other order of any court of competent jurisdiction) are duly made, unconditionally pay or procure to be paid to or to the order of the Trustee as aforesaid on the dates provided for in the Conditions interest on the Principal Amount Outstanding (or such other amount as may be specified in the relevant Final Terms) of the Bonds or any of them of such Series from time to time as set out in the Conditions (subject to Clause 5.3 (Interest on Floating Rate Bonds following Event of Default)) provided *however that*:
- (a) every payment of principal or interest in respect of such Bonds or any of them made to any Bondholder in the manner provided in the applicable Final Terms shall satisfy, to the extent of such payment, the relevant covenant by the Issuer contained in this Clause except to the extent that there is default in the subsequent payment thereof to the relevant Bondholders in accordance with the Conditions;
- (b) if any payment of principal or interest in respect of such Bonds or any of them is made after the due date, payment shall be deemed not to have been made until either the full amount is paid to the relevant Bondholders or, if earlier, the fifth day after notice has been given to the relevant Bondholders in accordance with Condition 18 (*Notices*) of [●] that the whole of such principal, together with interest which has accrued and is to accrue pursuant to this proviso has been received by the Trustee except; and
- (c) in any case where payment of the whole or any part of the principal amount due in respect of any Bond is improperly withheld or refused on the Redemption Date (other than in circumstances contemplated by proviso (b) above) interest shall continue to accrue on the whole or such part of such principal amount (except in the case of Zero Coupon Bonds, to which the provisions of Condition 6 shall apply),

from the date of such withholding or refusal until the date either on which such principal amount is paid to the relevant Bondholders or, if earlier, the fifth day after which notice is given to the relevant Bondholders in accordance with Condition 18 (Notices) of [●], that the full amount payable in respect of the said principal amount (including the Coupon, if unpaid together with interest which has accrued and is to accrue pursuant to this proviso) is available for collection by the relevant Bondholders, such payment is in fact made.

The Trustee will hold the benefit of this covenant and the covenants in Clause 7 (Covenant to comply with the Programme Trust Deed) in trust for itself and the Bondholders in accordance with their respective interests.

5.2 **Events of Default:**

- (a) Each of the events or circumstances set out in Condition 13 of the Terms and Conditions of this Programme Trust Deed is an Event of Default.
- (b) If any Events of Default occurs and is continuing, the Trustee may at its discretion and shall, upon the request in writing of the registered holders of at least one-fifth of the nominal amount of the Bonds for the time being outstanding or upon being so directed by an Extraordinary Resolution by notice in writing to the Issuer declare the Bonds to have become immediately repayable, subject to Condition 13.
- (c) At any time after any Event of Default or Potential Event of Default shall have occurred, the Trustee may by notice in writing to the Issuer and the Registrar, require the Registrar:
 - (i) *to act thereafter as agent of the Trustee under the provisions of this Programme Trust Deed (with consequential amendments as necessary and save that the Trustee's liability under any provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of the Registrar shall be limited to a sum equal to the amounts for the time being held by the Trustee on the trusts of this Programme Trust Deed in relation to the Bonds on the terms of this Programme Trust Deed and available to the Trustee for such purpose) and thereafter to hold all Bonds and all sums, documents and records held by it in respect of Bonds on behalf of the Trustee; and/or*
 - (ii) *to deliver up all Bonds and all sums, documents and records held by it in respect of Bonds to the Trustee or as the Trustee shall direct in such notice provided that such notice shall be deemed not to apply to any document or record which the Registrar is obliged not to release by any law or regulation.*

- ### 5.3 **Interest on Floating Rate Bonds following Event of Default:** If Floating Rate Bonds become immediately due and repayable under Condition 13 (Events of Default), the rate and/or amount of interest payable in respect of them will be calculated at the same intervals as if such Bonds had not become due and repayable, the first of which will commence on the expiry of the Interest Period (as defined in the Conditions) during which the Bonds

become so due and repayable in accordance with Condition 13 (Events of Default) (with consequential amendments as necessary).

- 5.4 **Currency of payments:** All payments in respect of, under and in connection with this Programme Trust Deed and the Bonds to the relevant Bondholders shall be made in Nigerian Naira (or such other currency specified in the relevant Final Terms) as required by the Conditions.

6 The Bonds

- 6.1 **Form of Bonds:** The Bonds shall be in registered form, made eligible for admission to listing on a Recognised Stock Exchange and issued in accordance with applicable legal and stock exchange listing authority and/or quotation system requirements and unless otherwise specified in any Final Terms, the Bonds shall be issued in uncertificated (dematerialised or book entry) form, which shall be registered with a separate securities identification code with the CSD and evidenced by credit into the Bondholder's Securities Account.

- 6.2 **Ranking of Bonds:** The ranking of the Bonds as and when issued shall be as specified in the relevant Series Trust Deed and/or Final Terms.

7 Covenant to comply with the Programme Trust Deed

- 7.1 **Covenant to comply with the Programme Trust Deed:** The Obligors and the Trustee hereby covenant with each other that they shall comply with all those provisions of this Programme Trust Deed and the Conditions which are expressed to be binding on them and to perform and observe the same. The Bonds are subject to the provisions contained in this Programme Trust Deed, and the Bonds of each Series are subject to the provisions of the Series Trust Deed, all of which shall be binding upon the Issuer, the Trustee and all persons claiming through or under them respectively.

- 7.2 **Trustee may enforce Conditions:** The Trustee shall be entitled to enforce the obligations of the Issuer under the Bonds and the Conditions, and the obligations of the Obligors under this Programme Trust Deed, as if the same were set out and contained in this Programme Trust Deed which shall be read and construed as one document with the Bonds.

8 Irrevocable Undertaking To Pay

The Sponsor irrevocably undertakes to pay all amounts due under the bonds, in accordance with this Programme Trust Deed and the Deed of Covenant.

9 Representations and Warranties of the Obligors

Each Obligor represents and warrants to the Trustee on the date of this Programme Trust Deed as follows:

9.1 **Status**

- (a) It is a limited liability company, duly incorporated and validly existing under the laws of its jurisdiction of incorporation.

- (b) It has the power and authority to own, lease and operate its assets and carry on its business as it is being conducted.
- (c) It shall preserve and keep in full force and effect its corporate existence and at all times comply in all material respects with all laws and regulations, non-compliance with which could (in the reasonable opinion of the Trustee) be materially prejudicial to the interest of the Bondholders.
- (d) In regard to the Sponsor, it is duly licenced by the Central Bank of Nigeria to carry on Banking Business in Nigeria.

9.2 **Powers and authority**

- (a) It has the power to enter into and perform and has taken all necessary action to authorise the entry into and performance of, the Issue Documents to which it is a party and the transactions contemplated by such Issue Documents to the extent applicable to it.
- (b) No limit on its powers will be exceeded as a result of the borrowing, grant of security or giving of guarantees or indemnities contemplated by the Issue Documents to which it is a party.

9.3 **No adverse change:** Save as disclosed in the Shelf Prospectus, since the date of its last audited financial statements delivered to the Trustee, no event which is likely to have a Material Adverse Effect has occurred.

9.4 **Non-conflict:** The entry into and performance by it of, and the transactions contemplated by, the relevant Issue Documents to which it is a party do not, and will not conflict with:

- (a) any law or regulation applicable to it;
- (b) its constitutional documents;
- (c) any document which is binding upon it or any of its assets;
- (d) or constitutes a default under any contractual obligation, judgment, injunction, order or decree binding upon it or its assets; or
- (e) any licence that is required for the carrying on of its business.

9.5 **Valid and binding obligations**

- (a) The obligations expressed to be assumed by it under the Issue Documents to which it is a party are legal and valid obligations, binding on it and enforceable against it in accordance with their respective terms.

9.6 **Validity and admissibility in evidence**

- (a) Other than the payment of applicable stamp duties and the stamping of the Issue Documents, all Authorisations and any other acts, conditions or things required or desirable:

- (i) *to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Issue Documents to which it is a party; and*
- (ii) *to make the Issue Documents to which it is a party admissible in evidence in its jurisdiction of incorporation,*

have been obtained, effected, done, fulfilled or performed and are in full force and effect.

- 9.7 **No filing or stamp taxes:** It is not necessary that the Issue Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Issue Documents or the transactions contemplated by the Issue Documents except any filing, recording or enrolling or any tax or fee payable in relation to each of the Issue Documents which is referred to in any legal opinion issued and delivered to the Trustee in relation to the Issue Documents and which will be made or paid by the Obligors promptly after the date of the relevant Issue Document and in any event within any period required under Applicable Law.

9.8 **Indebtedness and Solvency:**

- (a) Save as disclosed in the Prospectus, it has no debentures, mortgages, loans, material contingent liabilities or other similar indebtedness, other than those arising in the ordinary course of business;
- (b) It is neither unable nor has it admitted its inability to pay its debts as they fall due nor has it suspended the making of payments on any of its debts or, by reason of actual or anticipated financial difficulties, commenced negotiations with one or more of its creditors with a view to rescheduling any of its Indebtedness;
- (c) Save as otherwise disclosed in the Prospectus, no moratorium has been declared in respect of any of its Indebtedness;
- (d) The value of its assets is not less than its liabilities (both actual and contingent).

9.9 **Authorisations:** All consents, licences, authorisations and approvals:

- (a) required to be obtained by it to enable the consummation of the transactions constituted by the Issue Documents to which it is a party; and
- (b) necessary or desirable under any Applicable Law to enable the Obligors carry on their business substantially as conducted at the date hereof

have been obtained (and are in full force and effect) or will be obtained (and remain in full force and effect) prior to the Issue Date, their terms and conditions have been complied with in all material respects and they have not been and, so far as such Obligor is aware, will not be revoked or otherwise terminated as a result of entry into the Issue Documents to which it is a party, and the consummation of the transactions constituted thereby, and in each case if not obtained or complied with, or if revoked or terminated, would not be reasonably expected to have a Material Adverse Effect.

9.10 **Litigation:** Other than as disclosed in the Prospectus or applicable Supplementary Prospectus or Pricing Supplement, no litigation, arbitration, administrative proceedings or other proceedings are current or, to the knowledge of the Directors of the Obligors (having made all due enquiries), pending or threatened in writing, against the Obligors or against any of its Directors or its assets before any court, arbitral body or agency which, if adversely determined, would reasonably be expected to have a Material Adverse Effect.

9.11 **No deduction or withholding:** It will not be required to make any deduction or withholding from any payment it may make under the Bonds except where such deduction or withholding is mandatorily required by law.

9.12 **Compliance with Laws**

- (a) To the best knowledge of its Directors (having made all due enquiries), no practice, procedure or policy employed by the Obligor in the conduct of its business violates any judgment, law, regulation, order or decree applicable to it and which violation, if enforced, would be reasonably likely to have a Material Adverse Effect.
- (b) All returns and resolutions and other documents required to be filed with or delivered by the Obligors to the Corporate Affairs Commission, the CBN and the SEC

pursuant to and Applicable Law have been or will be duly filed or delivered, except where failure to do so would be reasonably likely to have a Material Adverse Effect.

9.13 **General duty of disclosure**

- (a) The Prospectus contains and will contain (as applicable) all such information as is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Obligors and of the rights attaching to the Bonds.
- (b) All statements of fact contained in the Prospectus are true and accurate in all respects and there are no material facts known to it that are not disclosed therein and the omission of which could make statements therein false or misleading and there are no other circumstances adversely affecting it or the Issuer which have not been disclosed in the Prospectus and which if disclosed would be calculated to affect materially the decision of a subscriber to the Bonds.
- (c) Except as already mentioned in the Prospectus, no circumstances have arisen whereby any person is entitled to require payment or seek redress in respect of any obligation or by reason of any of its default.
- (d) Since it commenced operations, its business has been carried out in the ordinary and usual manner.

9.14 **Approval of Shelf Prospectus**

- (a) Applications have been made for the Bonds to be registered by the SEC. The Shelf Prospectus is issued in compliance with the SEC Rules and Regulations.
- (b) No Event of Default will result from the execution, or the performance, of any transaction contemplated by any Issue Document; and
- (c) no other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on it or to which its assets are subject which has or is reasonably likely to have a Material Adverse Effect.

9.15 **Governing law and enforcement**

- (a) The choice of law stated to be the governing law of each Issue Document will be recognised and enforced in its jurisdiction of incorporation.
- (b) Any judgment obtained in relation to as Issue Document in the jurisdiction of the stated governing law of that Issue Document will be recognised and enforced in its jurisdiction of incorporation.

9.16 **No default**

- (a) No Event of Default or Potential Event of Default is continuing or might reasonably be expected to result from the issue of the Bonds or the entry into of, or the performance of any transaction contemplated by, the Issue Documents.

- (b) No other event or circumstance is outstanding which constitutes or with the giving of notice will constitute a default under any other agreement or instrument which is binding on it or any of its assets are subject which might have a Material Adverse Effect.
- 9.17 **No Immunity:** Neither it nor any of its assets has any right of immunity on the ground of sovereignty or otherwise, from jurisdiction, attachment (before or after judgment) or execution in respect of any action or proceeding relating in any way to the Issue Documents that may be brought in the courts of the Federal Republic of Nigeria or any relevant jurisdiction.
- 9.18 **Pari passu ranking:** Its payment obligations under the Issue Documents rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.
- 9.19 **Ranking and financial indebtedness:**
- (a) No Security or Quasi Security exists over all or any of its present or future assets other than as Disclosed in the Shelf Prospectus or in the ordinary course of its business;
- (b) It has no Indebtedness outstanding other than Indebtedness on the ordinary course of its business.
- 9.20 **Good title to assets:** It has good, valid and marketable title to, or valid leases or licences of, or is otherwise entitled to use, all assets necessary for the conduct of the business as it is presently being conducted, where failure to do so would be reasonably expected to have a Material Adverse Effect.
- 9.21 **Insurance:** It is fully in compliance with the undertakings in clause 10.13 (*Insurance*).
- 9.22 **Anti-corruption law:** To the best of its knowledge and belief, it has conducted its businesses in compliance with applicable anti-corruption laws and has instituted and maintains as at the date of this Programme Trust Deed policies and procedures designed to promote and achieve compliance with such laws.
- 9.23 **Times for making representations and warranties**
- (a) The representations and warranties set out in this Clause 9 (*Representations and Warranties of the Obligors*) are made by each Obligor on the date of this Programme Trust Deed and the Issue Date and are deemed to be repeated by each Obligor on each Issue Date for each Series of the Bond. The representations and warranties set out in Clauses 9.1, 9.3, 9.8, 9.10, 9.12, and 9.17 are deemed to be repeated by the Obligors on each Payment Date.
- (b) When a representation and warranty is repeated, it is applied to the facts and circumstances existing at the time of repetition, provided always that in respect of any Issue Date, the representations contained in Clauses 9.4, 9.5, 9.13, and 9.14 shall be limited and refer only to the Tranche or Tranches of Bonds forming a single series of Bonds to be issued on such Issue Date and, to the extent that the representations contained in Clauses 9.3, 9.13 and 9.14 relate to the Prospectus, such representations shall be limited to the Prospectus prepared in respect of such Tranche or Tranches of Bonds.

10 Covenants by the Obligors

Each Obligor hereby covenants with the Trustee that, so long as any Bond remains outstanding:

- 10.1 **Terms and Conditions:** it shall comply with and perform all of its obligations under this Programme Trust Deed and the Deed of Covenant (as applicable).
- 10.2 **Books of account:** it shall at all times keep such books of account as may be necessary to comply with all Applicable Laws and so as to enable its financial statements to be prepared and allow the Trustee and any person appointed by them free access to the same at all reasonable times during normal business hours and to discuss the same with responsible officers of the Obligor, provided further that the Trustee shall only use information so obtained in connection with the performance of its duties vested in it under this Programme Trust Deed or by operation of law and shall be subject to any limitations on disclosure and duties of confidentiality imposed by law or any Authority;
- 10.3 **Event of Default:** it shall give notice in writing to the Trustee immediately upon becoming aware of any Event of Default or Potential Event of Default and without waiting for the Trustee to take any further action;
- 10.4 **Certificate of Authorised Signatories:** it shall provide to the Trustee within fourteen (14) days of any written request by the Trustee (or such longer period as the Trustee may determine), a certificate signed by two of its Authorised Signatories, certifying that having made all reasonable enquiries, to the best of the knowledge, information and belief of the Obligor up to a specified date not earlier than seven (7) days prior to the date of such certificate (the "**Certified Date**"):
- (a) it has complied with its obligations under this Programme Trust Deed or the Deed of Covenant (as applicable) (or, if such is not the case, giving details of the circumstances of such non-compliance);
 - (b) that as at such date there did not exist nor had there existed at any time prior thereto since the Certified Date in respect of the previous, such certificate (or, in the case of the first such certificate, since the date of this Programme Trust Deed) any Event of Default or Potential Event of Default of which such Authorised Signatories are or should have been aware, or (if such is not the case) specifying the same,

and the Trustee may, without enquiry, rely on such certificate without any liability for so doing.

- 10.5 **No Guarantees or indemnities:** it shall not incur or allow to remain outstanding any guarantee in respect of any obligation of any person, other than guarantees in the ordinary course of its business.
- 10.6 **No Indebtedness:** it shall not incur or allow to remain outstanding any Indebtedness, other than the Indebtedness incurred in the ordinary course of its business.
- 10.7 **No deduction or withholding:** it shall make all payments under this Programme Trust Deed without withholding or deduction of, or in respect of, any Tax unless required by law. If any such withholding or deduction is required, the Obligor shall, when making the payment to which the withholding or deduction relates, pay to the Trustee, on behalf of the Bondholders, such additional amount as will ensure that each Bondholder receives the

same total amount that it would have received if no such withholding or deduction had been required;

10.8 **Pari Passu ranking:** it shall procure that its payment obligations under the Programme Trust Deed rank and will rank *pari passu* at the very least, with the claims of all its other senior and unsubordinated creditors from time to time outstanding except for obligations mandatorily preferred by law applying to companies generally;

10.9 **Accounts in relation to subsidiaries:** it shall deliver to the Trustee at the time of issue of any Series of Bonds, its audited consolidated balance sheet and at any other time upon the request of the Trustee;

10.10 **Certificate relating to subsidiaries:** it shall give to the Trustee, as soon as reasonably practicable, after the acquisition or disposal of any company which thereby becomes or ceases to be a subsidiary or after any transfer is made to any company which thereby becomes a subsidiary, a certificate signed by two of its Authorised Signatories to such effect;

10.11 **Financial statements:** it shall send to the Trustee, the Rating Agency and the Registrar copies of:

(a) as soon as the same becomes available, but in any event within 90 days after the end of each Financial Year, its audited financial statements for that Financial Year;

(b) as soon as the same becomes available, but in any event within 45 days after the end of each financial quarter, its unaudited financial statements for that financial quarter; and

(c) (if the same are produced) as soon as practicable after their date of publication copies of every report or other notice, statement or circular, issued to its shareholders and creditors or to holders of securities other than shareholders as soon as practicable after the issue or publication thereof,

and procure that the same are made available for inspection by Bondholders at the Specified Offices of the Registrar as soon as practicable thereafter.

10.12 **Information:**

It shall:

(a) within ten (10) Business Days upon becoming aware of them, make available to the Trustee details of any litigation, arbitration or administrative proceedings or proceedings before, or action by, any Authority, which are current, threatened or pending and which might, if adversely determined, have a Material Adverse Effect;

(b) within ten (10) Business Days of filing, make available to the Trustee copies of all documents filed with the SEC in respect of the Issue;

(c) within ten (10) Business Days of its receipt, make available to the Trustee copies of all material documents, other material communications and information or any event

which relates to or might have a Material Adverse Effect, given or received by it from any person;

- (d) send to the Trustee two copies of every balance sheet, profit and loss account, report or other notice, statement or circular sent to the shareholders of the Issuer as soon as practicable after the issue or publication of such documents; and
- (e) so far as permitted by Applicable Law, at all times give to the Trustee such information as the Trustee may reasonably request in writing in connection with the performance of its functions under this Programme Trust Deed.

10.13 **Insurance**

In relation to the Sponsor:

- (a) it shall maintain insurance on and in relation to its business and assets against those risks and to the extent as is usual for companies carrying on the same or substantially similar business;
- (b) (and to the extent so required, the Issuer), it shall take all new Insurances after the Initial Issue Date with reputable independent insurance companies or underwriters reasonably acceptable to the Trustee; and
- (c) and if requested by the Trustee, each Obligor shall, within ten (10) Business Days of receipt of such request, supply to the Trustee proof of cover in respect of each insurance policy required to be taken out and maintained pursuant to clause 10.13(a) and 10.13(b).

10.14 **Anti-corruption law:** It shall:

- (a) conduct its businesses in compliance with applicable anti-corruption laws; and
- (b) maintain policies and procedures designed to promote and achieve compliance with such laws.

10.15 **Assets:** in relation to the Sponsor, it shall ensure that its assets are maintained, repaired and/or operated in accordance with the standards of a reasonable and prudent operator carrying on similar business in the banking industry.

10.16 **Compliance with laws:** it shall, comply in all respects with the regulations, prudential requirements and financial ratios of the CBN to which it may be subject.

10.17 **Further Acts:** it shall, so far as permitted by Applicable Law, do such further things as may be necessary in the opinion of the Trustee to give effect to this Programme Trust Deed, the applicable Series Trust Deed and the Deed of Covenant;

10.18 **Bonds held by an Obligor:** it shall deliver to the Trustee within fourteen (14) days of being so requested in writing by the Trustee a certificate of that Obligor (signed on its behalf by two Authorised Signatories) setting out the total aggregate principal amount of Bonds of each Series which at the date of such certificate are held by or for its benefit, or any of its Subsidiaries and the Trustee may rely upon such certificate without any liability for so doing;

- 10.19 **Execution of further Documents:** it shall so far as permitted by Applicable Law, at all times execute all such further documents and do all such further acts and things as may be necessary at any time or times in the opinion of the Trustee to give effect to the provisions of this Programme Trust Deed;
- 10.20 **Notices to Bondholders:** in relation to the Issuer, it shall send or procure to be sent to the Trustee not less than three (3) Business Days prior to the date of publication, for the Trustee's approval, one copy of each notice to be given to the Bondholders in accordance with the Conditions and, upon publication, send to the Trustee two copies of such notice;
- 10.21 **Notification of late payment:** in relation to the Issuer, it shall, in the event of the unconditional payment to the Trustee of any sum due in respect of the Bonds or any of them being made after the due date for payment thereof, forthwith give notice to the Bondholders that such payment has been made (unless the Trustee deems the giving of such notice to be unnecessary);
- 10.22 **Notification of redemption or payment:** it shall, not less than the number of days specified in the relevant Condition prior to the redemption or payment date in respect of any Bond, give to the Trustee notice in writing of the amount of such redemption or payment pursuant to the Conditions and duly proceed to redeem or pay such Bonds accordingly;
- 10.23 **Obligations of Registrar:** in relation to the Issuer, it shall observe and comply with its obligations, and use all reasonable endeavours, to procure that the Registrar observes and complies with all its obligations and procure that the Registrar maintains a Register and notify the Trustee immediately it becomes aware of any material breach or failure by the Registrar in relation to the Bonds;
- 10.24 **Change in Registrar:** in relation to the Issuer, give at least fourteen (14) days' prior notice to the Trustee of any change or any future appointment, resignation or removal of the Registrar and not make any such appointment or removal without the written approval of the Trustee;
- 10.25 **Change of taxing jurisdiction:** in relation to the Issuer, it shall, if before the Relevant Date for any Bond it shall become subject generally to the taxing jurisdiction of any territory or any political sub-division thereof or any authority therein or thereof having power to tax other than or in addition to the Federal Republic of Nigeria ("**Nigeria**") immediately upon becoming aware thereof it shall notify the Trustee of such event and (unless the Trustee otherwise agrees) enter (as soon as practicable thereafter) into a trust deed supplemental hereto, giving to the Trustee an undertaking or covenant in form and manner satisfactory to the Trustee in terms corresponding to the terms of Condition 11 (*Taxation*) with the substitution for the references therein to Nigeria or of references to that other or additional territory to whose taxing jurisdiction, or that of a political subdivision thereof or an authority therein or thereof, the Issuer shall have become subject as aforesaid, such trust deed also to modify Condition 11 (*Taxation*) so that such Condition shall make reference to that other or additional territory;
- 10.26 **Listing:** in relation to the Issuer, it shall at all times use its reasonable endeavours to maintain the admission to listing, trading and/or quotation of the Bonds of each Series by the relevant competent authority, stock exchange and/or quotation system (if any) on which they are admitted to listing, trading and/or quotation on issue as indicated in the

- applicable Final Terms or, if it is unable to do so having used its reasonable endeavours or if the maintenance of such admission to listing, trading and/or quotation is agreed by the Trustee to be unduly burdensome or impractical, use all reasonable endeavours to obtain and maintain admission to listing, trading and/or quotation of the Bonds on such other competent authority, stock exchange and/or quotation system as the Issuer may (with the approval of the Trustee) decide and give notice of the identity of such other competent authority, stock exchange and/or quotation system to the Bondholders;
- 10.27 **Authorised Signatories:** it shall, upon the execution hereof and thereafter forthwith upon any change of the same, deliver to the Trustee (with a copy to the Registrar) a list of its Authorised Signatories, together with certified specimen signatures of the same;
- 10.28 **Approvals, consents, etc.:** it shall maintain, obtain and promptly renew from time to time when necessary all such authorisations, approvals, consents and licences and satisfy such (if any) other requirements as may be necessary or desirable under any Applicable Law, to enable it to carry on its business and for it to perform its obligations under the Bonds and this Programme Trust Deed or for the continuing validity and enforceability of the Bonds, this Programme Trust Deed, any Series Trust Deed and the Deed of Covenant and shall comply with all the terms of the same;
- 10.29 **Corporate Existence:** it shall preserve and keep in full force and effect its corporate existence and at all times comply in all material respects with all laws and regulations, non-compliance with which could (in the opinion of the Trustee) be materially prejudicial to the interest of Bondholders;
- 10.30 **Merger:** it shall not enter into any amalgamation, demerger, merger, corporate reconstruction or business combination without the consent of the Trustee;
- 10.31 **Negative Pledge:** it shall not, so long as any Bonds remain outstanding, secure any other Indebtedness represented by bonds, notes or any other publicly issued debt securities which are, or are capable of being, traded or listed on any stock exchange or over-the-counter or similar securities market without securing the Bonds equally and rateably with such Indebtedness, other than any security which is a Permitted Security, unless otherwise stated in a Final Terms applicable to a Series; and
- 10.32 **Additional restrictions on the Issuer:** in respect of the Issuer, it shall:
- (a) not enter into or undertake any transaction, arrangement or other obligation other than as contemplated under the Issue Documents;
 - (b) not make any change to its constitutional documents; and
 - (c) procure that its board of directors shall at all times be independent of the Sponsor and its Affiliates and Subsidiaries.

11 Financial covenants

11.1 Financial Definitions

In this Clause 0:

Capital Adequacy Ratio: means the capital adequacy ratio of the Sponsor, as calculated in accordance with the CBN Prudential Guidelines (as amended from time to time), expressed as a percentage.

Loan Loss Provisions Ratio: means the ratio (expressed as a percentage) of loan loss provisions to non-performing loans.

Deposits Ratio: means the ratio expressed as a percentage) of loan to deposits.

Non-Performing Loans Ratio: means the ratio (expressed as a percentage) of non-performing loans to total loans and advances.

11.2 Financial Covenants:

The Sponsor shall ensure that it is at all times in compliance with the following financial covenants

- (a) Capital Adequacy Ratio: at a minimum of 15% or such other minimum percentage as the CBN may require from time to time;
- (b) Loan Loss Provisions Ratio: not less than 50% or such other minimum percentage as the CBN may require from time to time; and
- (c) Non-Performing Loans Ratio: not to exceed 14% or such other maximum percentage as the CBN may require from time to time.

11.3 Financial Testing

The Financial covenants set out in clause 11.2 shall be tested by reference to each of the financial statements delivered by the Sponsor pursuant to clause 10.11.

12 Representations and Warranties of the Trustee

The Trustee hereby represents and warrants to the Obligors as follows:

12.1 Status:

- (a) it is a company within the meaning of the CAMA;
- (b) it is duly registered and authorised by the SEC to provide corporate trust services in Nigeria;
- (c) it has full power and authority to enter into the Issue Documents to which it is a party and to exercise its rights and perform its obligations thereunder and has obtained all authorisations and consents necessary for it to enter, exercise rights and perform its obligations under the Issue Documents to which it is a party and such authorisations and consent are in full force and effect.

12.2 Compliance with obligations

- (a) it has the resources, capacity and expertise to act on behalf of the Bondholders with regard to every issuance of Bonds (as applicable) under the Issue Documents to which it is a party and it shall comply with the provisions of the ISA, SEC Rules and the Issue Documents to which it is a party in the performance of its obligations;

- (b) it shall provide any information that the SEC or the Issuer may require in connection with its obligation to act on behalf of the Bondholders;

12.3 **No conflicts**

- (a) it shall not allow any conflicts to occur between its obligations in connection with and under the Programme and its commercial interests;
- (b) it does not have any subsisting fiduciary relationship with any Obligor or its Related Parties; and
- (c) it shall, at all times, adhere to the terms and conditions specified in the Issue Documents to which it is a party.

13 Amendments

13.1 **Waiver:** The Trustee may, without any consent or sanction of the Bondholders and without prejudice to their rights in respect of any subsequent breach, condition, event or act, from time to time and at any time, but only if and in so far as in its opinion the interests of the Bondholders shall not be materially prejudiced thereby, authorise or waive, on such terms and conditions (if any) as shall seem expedient to it, any proposed breach or breach of any of the covenants or provisions contained in this Programme Trust Deed or the Bonds or determine that any Event of Default or Potential Event of Default shall not be treated as such for the purposes of this Programme Trust Deed; any such authorisation, waiver or determination shall be binding on the Bondholders and, if, but only if, the Trustee shall so require, the Issuer shall cause such authorisation, waiver or determination to be notified to the SEC and the Bondholders within ten (10) Business Days thereafter in accordance with the Conditions; *provided that* the Trustee shall not exercise any powers conferred upon it by this Clause in contravention of any express direction by an Extraordinary Resolution or of a request in writing made by the holders of not less than twenty-five (25) *per cent* in aggregate Principal Amount Outstanding of the Bonds.

13.2 **Modifications:** The Trustee may from time to time and at any time without any consent or sanction of the Bondholders concur with an Obligor in making:

- (a) any modification to an Issue Documents to which it is a party or the Bonds which in the opinion of the relevant Trustee it may be proper to make provided the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Bondholders; or
- (b) any modification to an Issue Documents to which it is a party, if in the opinion of the Trustee such modification is of a formal, minor or technical nature or made to correct a manifest error; or
- (c) any modification to an Issue Documents to which it is a party which is required or necessary to bring that Issue Document in compliance with Applicable Law.

Provided that:

- (i) *the Issuer has notified the Rating Agency and the Rating Agency has confirmed that such modification will not affect the current ratings of the Bonds; and*

(ii) *prior approval of the SEC has been given.*

Any such modification shall be binding on the Bondholders and, unless the Trustee otherwise agrees, the Issuer shall cause such modification to be notified to the Bondholders as soon as practicable thereafter in accordance with the Conditions.

14 Enforcement

14.1 **Legal proceedings:** At any time after the occurrence of an Event of Default, the Trustee may, at its absolute discretion and without further notice, institute such proceedings against any Obligor(s) as it may think fit to enforce repayment of the Bonds together with accrued interest and to enforce the provisions of this Programme Trust Deed.

14.2 **Bondholder Direction:** The Trustee shall not be bound to take any such proceedings pursuant to clause 14.1 unless it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least three-quarter (75%) in Principal Amount Outstanding of the Bonds and it shall have been indemnified and/or secured to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all fees, costs, charges and expenses which may be incurred by it in connection therewith. Only the Trustee may enforce the provisions of the Bonds or this Programme Trust Deed and no Bondholder shall be entitled to proceed directly against the Obligors unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing. Notwithstanding the foregoing, a Bondholder who feels dissatisfied may personally initiate legal action to enforce its rights under this Programme Trust Deed irrespective of the legal duty of the Trustee to take such legal action. The Trustee shall not be deemed responsible for the consequences having acted upon any such instruction as set out in this clause 14.2.

14.3 **Evidence of default:** If the Trustee (or any Bondholder where entitled under this Programme Trust Deed so to do) makes any claim, institutes any legal proceeding or lodges any proof in a winding up or insolvency of the Obligors under this Programme Trust Deed or under the Bonds, proof therein that as regards any specified Bond the Obligors have defaulted in paying any principal and/or interest due in respect of such Bond shall (unless the contrary be proved) be sufficient evidence that the Obligors have defaulted in the same manner as regards all other Bonds in respect of which a corresponding payment is then due; and for the purposes of this clause 14.3 a payment shall be a "**corresponding**" payment notwithstanding that it is due in respect of a Bond of a different denomination from that in respect of the above specified Bond.

15 Application of Moneys

15.1 **Application of moneys:** All moneys received by the Trustee in respect of the Bonds or amounts payable under this Programme Trust Deed will, despite any appropriation of all or part of them by the Obligors (including any moneys which represent principal or interest in respect of Bonds which have become void under the Conditions) be held by the Trustee on trust to apply them (subject to Clause 16 (*Investment of moneys*)) in the following order:

(a) in or towards payment or satisfaction of the fees of the Trustee and such reasonable costs, charges, expenses and liabilities incurred by the Trustee (including remuneration of the Trustee);

- (b) in or towards payment *pari passu* and rateably of any amounts due but unpaid in respect of the Bonds of that Series;
 - (c) in or towards payment *pari passu* and rateably of any amounts due but unpaid in respect of the Bonds of other Series under the Programme; and
 - (d) to pay the balance (if any) to the Issuer, without prejudice to, or liability in respect of, any question as to how such payment to the Issuer shall be dealt with as between the Issuer and such other person entitled to them.
- 15.2 **Apportionment of expenses:** The Trustee shall apportion the fees, costs, charges, expenses and liabilities incurred by it in the execution of the trust of this Programme Trust Deed (including remuneration of the Trustee) between the several Series of Bonds in such manner and in such amounts as shall, in its absolute discretion, consider appropriate.
- 16** Investment by the Trustee
- 16.1 **Power to invest:** If the amount of the moneys (including without limitation, funds standing to the credit of the Debt Service Reserve Account) at any time available for the payment of principal, premium (if any) and interest (if any) on the Bonds is less than ten per cent, (10%) of the amount due and payable on the Bonds, the Trustee may, at its discretion and pending payment to the Bondholders, invest such moneys in any Authorised Investments as it may think fit in its absolute discretion and in such manner as a diligent, careful and ordinarily skilful trustee would reasonably act in the circumstances. Save in respect of fraud, negligence or misconduct, the Trustee shall not be responsible for any loss occasioned by reason of any such investments or such deposit whether by depreciation in value, fluctuation in exchange rates or otherwise. If the bank or institution in which the investment is made is a subsidiary, holding or associated company of any of the Trustee, it need only account for an amount of interest at a rate comparable to that which is reasonable in the market on an investment of that nature on the date of the determination having regard to the amount and likely duration of the deposit by an independent customer.
- 16.2 **Variation and accumulation:** The Trustee may, at its discretion, vary any investments and may accumulate such investments and any resulting income until the accumulations, together with any other sums held by the Trustee for payments in respect of the Bonds under clause 15, amount to at least ten (10) per cent of the nominal amount of the Bonds then outstanding. Such accumulations and other sums shall then be applied as set out in clause 15.
- 16.3 **Payment to Bondholders:**
- (a) The Trustee shall make any payment to be made by the Obligors in respect of the Bonds of any Series in the manner provided in the Conditions and the Series Trust Deed. Any payment so made shall be a good discharge to the extent of such payment of the Obligors or the Trustee (as the case may be).
 - (b) Upon any payment under paragraph (a) above of principal or interest, the Trustee shall (i) in the case of part payment, require the Registrar to make a notation in the Register of the amount and date of payment or (ii) in the case of payment in full,

cause the relevant Bond to be cancelled and shall certify or procure the certification of such cancellation.

17 Terms of Appointment of the Trustee

By way of supplement to the Relevant Laws, it is expressly declared as follows:

17.1 **Reliance on Information**

(a) **Advice:** The Trustee may in relation to each Issue Document to which it is a party act on the opinion or advice of or a certificate or any information obtained from any lawyer, banker, valuer, surveyor, broker, auctioneer, accountant or other expert (whether obtained by or addressed to the Trustee, the Issuer, the Sponsor or any other person) and shall not be responsible for any loss occasioned by so acting or, if applicable, by choosing not to so act. Any such opinion, advice, certificate or information may be sent or obtained by letter, telegram, telex, cablegram or facsimile transmission and the Trustee shall not be liable for acting on any opinion, advice, certificate or information purporting to be so conveyed although the same shall contain some error (other than a manifest error) or shall not be authentic. The Trustee may rely, without liability to Bondholders, on any certificate or report prepared by any of the above experts, including specifically the Auditors, or any auditor, pursuant to the Conditions or this Programme Trust Deed, whether or not the expert or auditor's liability in respect thereof is limited by a monetary cap or otherwise.

PROVIDED THAT this clause 17.1(a) shall only apply to limit the liability of the Trustee to the Bondholders to the extent that the advice relied upon was issued by the relevant lawyer, banker, valuer, surveyor, broker, auctioneer, accountant, auditor or other purpose with the intention that it should be used and relied upon by the Trustee in the manner and for the purpose for which it was so used and relied upon.

(b) **Certificate of Authorised Signatories:** The Trustee may call for and shall be at liberty to accept a certificate signed by two Authorised Signatories or other person duly authorised on their behalf as to any factor matter *prima facie* within the knowledge of the Issuer as sufficient evidence thereof and a like certificate to the effect that any particular dealing, transaction or step or thing is, in the opinion of the person so certifying, expedient as sufficient evidence that it is expedient and the Trustee shall not be bound in any such case to call for further evidence or be responsible for any loss that may be occasioned by its failing so to do.

(c) **Resolution of Bondholders:** The Trustee shall not be responsible for acting upon any resolution purporting to be a Written Resolution or to have been passed at any meeting of the Bondholders in respect whereof minutes have been made and signed even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any reason the resolution was not valid or binding upon the Bondholders.

(d) **Reliance on certification of clearing system:** The Trustee may call for and shall be at liberty to accept and place full reliance on, as sufficient evidence thereof, and shall not be liable to the Issuer, or any Bondholder by reason only of either having accepted as valid or not having rejected an original certificate or letter of

confirmation purporting to be signed on behalf of the CSD or any other relevant clearing system to the effect that at any particular time or throughout any particular period any particular person is, was or will be shown in its records as having a particular nominal amount of Bonds of a particular Series credited to his Securities Account.

- (e) **Bondholders as a class:** Whenever in this Programme Trust Deed the Trustee is required in connection with any exercise of its powers, trusts, authorities or discretions to have regard to the interests of the Bondholders, shall have regard to the interests of the Bondholders as a class and in particular, but without prejudice to the generality of the foregoing, shall not be obliged to have regard to the consequences of such exercise for any individual Bondholder resulting from his or its being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory.
- (f) **Trustee not responsible for investigations:** The Trustee shall not be responsible for investigating any matter which is the subject of, any recital, statement, representation, warranty or covenant of any person contained in an Issue Document, the Bonds or any other agreement or document relating to the transactions herein or therein contemplated or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof.
- (g) **No obligation to monitor:** The Trustee shall be under no obligation to monitor or supervise the functions of any other person under the Bonds or any other agreement or document relating to the transactions herein or therein contemplated and shall be entitled, in the absence of actual knowledge of a breach of obligation, to assume that each such person is properly performing and complying with its obligations; provided that nothing contained in this clause shall exempt the Trustee from or indemnify them against any liability for breach of trust where the Trustee fail to show the degree of care and diligence required of them, having regard to the provisions hereof conferring on them any powers, authorities or discretions.
- (h) **Bonds held by the Issuer:** In the absence of knowledge or express notice to the contrary, the Trustee may assume without enquiry (other than requesting a certificate of the Issuer under clause 10.18 (*Bonds held by Issuer*)), that no Bonds are for the time being held by or for the benefit of the Issuer.
- (i) **Entry on the Register:** The Trustee shall not be liable to the Issuer or any Bondholder by reason of having accepted as valid or not having rejected any entry on the Register later found to be forged or not authentic and can assume for all purposes in relation hereto that any entry on the Register is correct save for manifest error.
- (j) **Events of Default:** Where the Issuer has not complied with the provisions of clause 18.1 (e) the Trustee shall not be bound to give notice to any person of the execution of this Programme Trust Deed or to take any steps to ascertain whether any Event of Default or Potential Event of Default has happened and shall not be obliged to take any action to certify material prejudice under Condition 13 (*Events of Default*) unless it is indemnified and/or secured to its satisfaction by the Bondholders against

all liabilities, proceedings, claims and demands to which it may thereby become liable and all fees, costs, charges and expenses which may be incurred by it in connection therewith and, until it shall have actual knowledge or express notice to the contrary, the Trustee shall be entitled to assume that no such Event of Default or Potential Event of Default has happened and that the Issuer is observing and performing all the obligations on their part contained in the Bonds and under this Programme Trust Deed and no event has happened as a consequence of which any of the Bonds may become repayable.

- (k) **Legal Opinions:** The Trustee shall not be responsible to any person for failing to request, require or receive any legal opinion relating to any Bonds or for checking or commenting upon the content of any such legal opinion.
- (l) **Programme Limit:** The Trustee shall not be concerned, and need not enquire, as to whether or not any Bonds are issued in breach of the Programme Limit.
- (m) **Trustee not Responsible:** The Trustee shall not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of this Programme Trust Deed or any other document relating thereto and shall not be liable for any failure to obtain any rating of Bonds (where required), any licence, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of this Programme Trust Deed or any other document relating thereto. In addition the Trustee shall not be responsible for the effect of the exercise of any of its powers, duties and discretions hereunder; provided that nothing contained in this clause shall exempt the Trustee from or indemnify them against any liability for breach of trust where the Trustee fails to show the degree of care and diligence required of them, having regard to the provisions hereof conferring on them any powers, authorities or discretions.
- (n) **Freedom to Refrain:** Notwithstanding anything else herein contained, the Trustee may refrain from doing anything which would or might in its opinion be contrary to any law of any jurisdiction or any directive or regulation of any agency or any state of which would or might otherwise render them liable to any person and may do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.
- (o) **Right to Deduct or Withhold:** Notwithstanding anything contained in this Programme Trust Deed, to the extent required by any Applicable Law, if the Trustee is or will be required to make any deduction or withholding from any distribution or payment made by them hereunder or if the Trustee is or will be otherwise charged to, or is or may become liable to, tax as a consequence of performing its duties hereunder whether as principal, agent or otherwise, and whether by reason of any assessment, prospective assessment or other imposition of liability to taxation of whatsoever nature and whensoever made upon the Trustee, and whether in connection with or arising from any sums received or distributed by them or to which may be entitled under this Programme Trust Deed (other than in connection with its remuneration as provided for herein) or any investments or deposits from time to time representing the same, including any income or gains arising

therefrom or any action of the Trustee in connection with the trusts of this Programme Trust Deed (other than the remuneration herein specified) or otherwise, then the Trustee shall be entitled to make such deduction or withholding or, as the case may be, to retain out of sums received by them an amount sufficient to discharge any liability to tax which relates to sums so received or distributed or to discharge any such other liability of the Trustee to tax from the funds held by the Trustee upon the trusts of this Programme Trust Deed.

- (p) **Information and Other Reports:** Delivery of reports, information and documents to the Trustee under Clause 10.11 (*Financial statement*) is for informational purposes only and shall not impose any obligation on the Trustee to take any action in respect of them and the Trustee's receipt of the foregoing shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's, compliance with any of their covenants hereunder (as to which the Trustee is entitled to rely on certificates signed by two Authorised Signatories of the Issuer).

17.2 **Trustee's powers and duties:**

- (a) **Trustee's determination:** The Trustee may determine whether or not an Event of Default or Potential Event of Default under the provisions of this Programme Trust Deed or contained in the Bonds is capable of remedy and/or materially prejudicial to the interests of the Bondholders and if the Trustee shall certify that any such default is, in its opinion, not capable of remedy and/or materially prejudicial to the interests of the Bondholders such certificate shall be conclusive and binding upon the Obligors and the Bondholders.
- (b) **Determination of questions:** The Trustee, the Bondholders and the Obligors shall have full power to determine all questions and doubts arising in relation to any of the provisions of this Programme Trust Deed (as applicable) and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee and the Bondholders;
- (c) **Trustee's discretion:** The Trustee shall (save as expressly otherwise provided herein) as regards all the trusts, powers, authorities and discretions vested in them by this Programme Trust Deed or by operation of law have absolute discretion as to the exercise or non-exercise thereof and, provided that the Trustee have acted honestly and reasonably, the Trustee shall not be responsible for any loss, fees, costs, damages, expenses or inconveniences that may result from the exercise or non-exercise thereof but, whenever the Trustee is under the provisions of this Programme Trust Deed bound to act at the request or direction of the Bondholders, the Trustee shall nevertheless not be so bound unless first indemnified against all actions, proceedings, claims and demands to which it may render itself liable and all fees, costs, charges, damages, expenses and liabilities which it may incur by so doing.
- (d) **Trustee's consent:** Any consent given by the Trustee for the purposes of this Programme Trust Deed may be given on such terms and subject to such conditions (if any) as the Trustee may require.

- (e) **Conversion of currency:** Where it is necessary or desirable for any purpose in connection with this Programme Trust Deed to convert any sum from one currency to another it shall (unless otherwise provided by this Programme Trust Deed, the Final Terms or required by law) be converted at such rate(s) of exchange, in accordance with such method and as at such date for the determination of such rate(s) of exchange as may be specified by the Trustee (in consultation with the Issuer), but having regard to current rates of exchange, if available, and any rate of exchange, method and date so specified shall be binding on the Issuer and the Bondholders.
- (f) **Application of proceeds:** The Trustee shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Bonds.
- (g) **Error of judgment:** The Trustee shall not be liable for any error of judgment made in good faith by any officer or employee of the Trustee assigned by the Trustee to administer its corporate trust matters.
- (h) **Delegation:** The Trustee may, in the execution and exercise of all or any of the trusts, powers, authorities and discretions vested in them by this Programme Trust Deed, act by responsible officers or a responsible officer for the time being of the Trustee and the Trustee may also whenever it thinks fit, whether by power of attorney or otherwise, delegate to any person or persons (whether being a joint trustee of this Programme Trust Deed or not) all or any of the trusts, powers, authorities and discretions vested in them by this Programme Trust Deed and any such delegation may be made upon such terms and conditions and subject to such regulations as the Trustee may think fit in the interests of such delegate; and where the Trustee have delegated its trust powers and functions to agent(s), the Trustee shall be liable for the acts and omission of such agent(s) to the same extent it would have been if the acts and omissions were its own.
- (i) **Custodians and nominees:** The Trustee may appoint and pay any person to act as a custodian or nominee on any terms in relation to such assets of the trust as the Trustee may determine, including for the purpose of depositing with a custodian this Programme Trust Deed or any document relating to the trust created hereunder and the Trustee shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of any misconduct, omission or default on the part of any person appointed by them hereunder or be bound to supervise the proceedings or acts of any such person provided that the Trustee exercised due care and diligence in the selection of such custodian and nominees. The Trustee is not obliged to appoint a custodian if the Trustee invest in securities payable to bearer.
- (j) **Confidential information:** The Trustee shall not (unless required by law or ordered so to do by a court of competent jurisdiction) be required to disclose to any Bondholder confidential information or other information made available to the Trustee by the Issuer in connection with this Programme Trust Deed and no Bondholder shall be entitled to take any action to obtain from the Trustee any such information.

- (k) **Actions of Trustee:** The permissive rights of the Trustee to take actions permitted by this Programme Trust Deed shall not be construed as an obligation or duty to do so.
- (l) **Trustee as fiduciary of Bondholders:** The Trustee shall comply with its fiduciary duties owed to the Bondholders in accordance with this Programme Trust Deed and the Relevant Laws, including:
 - (i) to manage the trust property in a responsible and productive manner;
 - (ii) to act for the benefit of the Bondholders in the management of the trust property and not to let its duties and that owed to the Bondholders conflict;
 - (iii) to ensure that the trust property is vested according to the terms of the trust herein established;
 - (iv) to act honestly, prudently and in good faith in the performance of its duties and to exercise all due care, skill, diligence and vigilance in carrying out its functions and duties as a trustee and in safeguarding the rights and interests of the Bondholders;
 - (v) to clearly identify the trust property which are held on trust for the Bondholders;
 - (vi) not to commingle its funds with those of the trust;
 - (vii) to segregate its assets from the trust property and any other trust administered by the Trustee;
 - (viii) not to delegate its duties, except as permitted by this Programme Trust Deed;
 - (ix) to act impartially and solely in the best interest of all Bondholders;
 - (x) not to charge, pledge or deal with the trust property except as authorized by this Programme Trust Deed and the Relevant Laws; and
 - (xi) to manage the trust property in a prudent and business-like manner.

17.3 **Financial matters:**

- (a) **Professional charges:** The Trustee shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by it or its directors or officers on matters arising in connection with the trusts of this Programme Trust Deed and also its charges in addition to disbursements for all other work and business done and all time spent by them or its directors or officers on matters arising in connection with this Programme Trust Deed.
- (b) **Expenditure by the Trustee:** Nothing contained in this Programme Trust Deed shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.
- (c) **Trustee may enter into financial transactions with the Issuer:** The Trustee shall not, and no director or officer of the Trustee shall, by reason of the fiduciary position of the Trustee be in any way precluded from making any contracts or entering into

any transactions in the ordinary course of business with an Obligor or any of their subsidiaries (and, in the case of any subscription for, purchase, holding or sale of Bonds, subject to compliance with any applicable selling restrictions), or any person or body corporate directly or indirectly associated with an Obligor or any of their subsidiaries, or from accepting the trusteeship of any other debenture stock, debentures or securities of an Obligor or any of their subsidiaries or any person or body corporate directly or indirectly associated with an Obligor or any of their subsidiaries, and neither the Trustee nor any such director or officer shall be accountable to the Bondholders, any Obligor or their subsidiaries, or any person or body corporate directly or indirectly associated with an Obligor or any of their subsidiaries, for any profit, fees, commissions, interest, discounts or share of brokerage earned, arising or resulting from any such contracts or transactions and the Trustee and any such director or officer shall also be at liberty to retain the same for its or his own benefit.

- 17.4 **Trustee's Liability:** Subject to the provisions of the Relevant Laws, and Section 188 of the CAMA and notwithstanding anything to the contrary in this Programme Trust Deed, the Series Trust Deeds or the Bonds, the Trustee shall not be liable to any person for any matter or thing done or omitted in any way in connection with or in relation to this Programme Trust Deed, the Series Trust Deeds or the Bonds save in relation to its own negligence, wilful default or fraud, provided that in no circumstances will the Trustee be liable to an Obligor, or any other person for any punitive or consequential damage or loss (including loss of business, goodwill, opportunity or profit of any kind). The Trustee will also be liable for the breach of its duties where it fails to carry out its responsibilities under this Programme Trust Deed or to report a breach of the terms of this Programme Trust Deed to the SEC.

18 Costs and Expenses

18.1 **Remuneration**

- (a) **Normal remuneration:** The Sponsor shall, be responsible for the payment to the Trustee of remuneration for its services as trustee as from the date of this Programme Trust Deed. The remuneration shall comprise of a one off Trustee Take on Fee to be paid after the completion date of the Issue and an Annual Trustee Fee to be paid annually from the first anniversary of the Issue till the trust hereof shall be finally wound up such remuneration to be at such rate as may be agreed between the Issuer and the Trustee in the Fee Letter. The Annual Trustee Fee shall accrue from day to day and be payable up to and including the date when, all the Bonds having become due for redemption, the redemption moneys and interest thereon to the date of redemption have been paid to the Trustee, provided that if upon due presentation (if required pursuant to the Conditions) of any Bond or any cheque, payment of the moneys due in respect thereof is improperly withheld or refused, remuneration will commence again to accrue.
- (b) **Extra remuneration:**
- (i) *In the event of the occurrence of an Event of Default or a Potential Event of Default or the Trustee considering it expedient or necessary or being requested by the Issuer to undertake duties which the Trustee and the Issuer agree to be of an exceptional nature or otherwise outside the scope of the*

normal duties of the Trustee under this Programme Trust Deed, the Issuer shall pay to the Trustee such additional remuneration as shall be agreed between them in a separate fee letter.

- (ii) *In the event of the Trustee and the Issuer failing to agree upon the amount of the remuneration as contemplated paragraph (b)(i), or upon whether such duties shall be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee under this Programme Trust Deed, such matters shall be determined by an investment bank or person (acting as an expert and not as an arbitrator) selected by the Trustee and approved by the Issuer or, failing such approval, nominated (on the application of the Trustee and Issuer) by the Director General for the time being of the SEC (the expenses involved in such nomination and the fees of such person being payable by the Issuer) and the determination of any such person shall be final and binding upon the Trustee and the Issuer.*
- (c) **Value added tax:** The Issuer shall in addition pay to the Trustee an amount equal to the amount of any value added tax or similar tax chargeable in respect of its remuneration under this Programme Trust Deed provided that it is understood that the Issuer shall deduct applicable withholding tax from all remuneration referred to in this Clause 18.
- (d) **Expenses:** The Issuer shall also pay or discharge all fees, costs, charges and expenses incurred by the Trustee in relation to the preparation and execution of, the exercise of its powers and the performance of its duties under, and in any other manner in relation to, this Programme Trust Deed, including but not limited to reasonable legal and travelling expenses and any stamp, issue, registration, documentary and other taxes or duties paid or payable by the Trustee in connection with any action taken or contemplated by or on behalf of the Trustee for enforcing, or resolving any doubt concerning, or for any other purpose in relation to, this Programme Trust Deed; Provided that the Trustee shall seek and obtain the prior written consent of the Issuer to incur any such liabilities in excess of an aggregate sum of ₦500,000.00 (Five Hundred Thousand Naira) in any one calendar year; unless such expense is incurred for the purposes of enforcing the provisions of this Programme Trust Deed against the Issuer upon the occurrence of an Event of Default in which case such consent shall not be required.
- (e) **Indemnity:** The Issuer shall indemnify the Trustee (i) in respect of all losses, liabilities, taxes, fees, costs and expenses incurred by it or by any Appointee or other person appointed by it to whom any trust, power, authority or discretion may be delegated by it in the execution or purported execution of the trusts, powers, authorities or discretions vested in it by this Programme Trust Deed and (ii) against all liabilities, actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to this Programme Trust Deed except as a result of the Trustee's negligence and wilful default and provided further that the indemnity contained in this paragraph (e) shall remain in full force and effect notwithstanding any discharge of this Programme Trust Deed.

- (f) **Payment of amounts due:** All amounts payable pursuant to paragraph (d) (*Expenses*) and paragraph (e) (*Indemnity*) of this Clause shall be payable by the Issuer within five (5) days of demand by the Trustee.
 - (g) **Payments:** All payments to be made by the Issuer to the Trustee under this Programme Trust Deed shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within any relevant jurisdiction or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.
- 18.2 **Stamp duties:** The Issuer will pay all stamp duties, registration taxes, capital duties and other similar duties or taxes (if any) payable on (i) the constitution and issue of the Bonds, (ii) the credit of the Bonds to the Bondholder's Securities Account, (iii) any action taken by the Trustee (or any Bondholder where permitted or required under this Programme Trust Deed so to do) to enforce the provisions of the Bonds or the Issue Documents; and (iv) the execution of the Issue Documents.
- 18.3 **Exchange rate indemnity**
- (a) **Currency of Account and Payment:** Unless otherwise provided in the applicable Final Terms, the Nigerian Naira (the "**Contractual Currency**") is the sole currency of account and payment for all sums payable by the Issuer under or in connection with this Programme Trust Deed and the Bonds, including damages.
 - (b) **Extent of Discharge:** An amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of an Obligor) by the Trustee or any Bondholder in respect of any sum expressed to be due to it from the Issuer will only discharge the Issuer to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so); and
 - (c) **Indemnity:** If that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the recipient under this Programme Trust Deed or the Bonds, the Obligors shall, be deemed to have indemnified such recipient against the difference between those amounts. In any event, the Obligors shall be deemed to have indemnified the recipient against the cost of making any such purchase.
- 18.4 **Indemnities separate:** The indemnities in this Programme Trust Deed constitute separate and independent obligations from the other obligations in this Programme Trust Deed, and will give rise to separate and independent causes of action, will apply irrespective of any indulgence granted by the Trustee and/or any Bondholder and will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under this Programme Trust Deed or the Bonds or any other judgment or order. Any such loss as referred to in clause 18.3(c) (*Indemnity*) shall be deemed to

constitute a loss suffered by the Trustee, the Bondholders and no proof or evidence of any actual loss shall be required by the Issuer or its liquidator or liquidators.

19 Establishment and Funding of Transaction Accounts

19.1 **Establishment of Debt Service Account:** Unless otherwise stated in any Series Trust Deed, the Issuer shall, in respect of any relevant Tranche or Series of Bonds open the Debt Service Account prior to the Issue Date in the name and under the control of the Trustee. The Sponsor shall make payments of all monies due on the Bonds to the Debt Service Account in accordance with the terms of the relevant Series Trust Deed.

19.2 **Establishment of Debt Service Reserve Account:** Unless otherwise stated in any Series Trust Deed, the Issuer shall, in respect of any relevant Tranche or Series of Bonds open the Debt Service Reserve Account prior to the Issue Date in the name and under the control of the Trustee. The Sponsor shall deposit funds in the Debt Service Reserve Account from time to time in accordance with the provisions of the relevant Series Trust Deed, for the purpose of protecting the Bondholders against unexpected volatility, or interruption, in the cash flow available to service the payment obligations of the Issuer under this Programme Trust Deed and the relevant Series Trust Deed.

19.3 **Establishment of Other Accounts:** The Issuer shall open such other account(s) as may be prescribed in any Final Terms towards the repayment of amounts outstanding under Bonds of any Series.

19.4 Payments into Transaction Accounts:

(a) At every time, where the Sponsor pays the relevant sums due under the Bonds into the Transaction Accounts in the manner prescribed by the provisions of the relevant Series Trust Deed, it shall be discharged from its obligations in respect of the said payments. For the avoidance of doubt, this clause 19.4(a) shall not apply if the Sponsor fails to make the relevant payment within the period prescribed in the relevant Series Trust Deed.

(b) The Trustee shall, not less than fifteen (15) days before the applicable Payment Date, issue a written notice to the Sponsor and Issuer notifying them of the next Payment Date and the obligation to fund the Transaction Accounts in accordance with the relevant Series Trust Deed.

(c) All monies due to the Issuer under the Master Notes Subscription Agreement, shall be paid by the Sponsor directly into the Debt Service Account.

(d) The Trustee shall ensure that the Account Bank utilizes funds in the Transaction Accounts for purposes of effecting payments on the Bonds to Bondholders as and when due.

20 Appointment and Retirement

20.1 **Appointment of Trustee:** The power of appointing new trustees under this Programme Trust Deed shall be vested in the Issuer but no person shall be appointed who shall not previously have been approved by an Extraordinary Resolution of the Bondholders for the time being.

A trustee under this Programme Trust Deed shall at all times be a trust corporation and duly registered as a trustee by the SEC and may be the sole trustee. Any appointment of a new trustee hereof shall as soon as practicable thereafter be notified by the Issuer to the Registrar and the Bondholders. The Bondholders shall together have the power, exercisable by Extraordinary Resolution, to remove any trustee or trustees for the time being hereof. The removal of any trustee shall not become effective unless there remains a trustee hereof in office after such removal. No such appointment of a trustee shall be valid without the prior consent of the SEC.

20.2 **Co-trustees:**

(a) The Trustee may (with prior written consent of the Issuer) and upon approval of the SEC appoint any other trustee registered with the SEC or any other relevant regulators to act jointly with the Trustee if such appointment is in the interests of the Bondholders and:

(i) *to conform with any legal requirements, restrictions or conditions in any jurisdiction in which a particular act or acts is or are to be performed to give effect to this Programme Trust Deed or the Bonds; or*

(ii) *to obtain or enforce a judgment in any jurisdiction or enforce any provision of this Programme Trust Deed in any jurisdiction of either a judgement already obtained or any of the provisions of this Programme Trust Deed against the Issuer.*

(b) The Issuer hereby appoints the Trustee as its attorney to make such appointment and in its name and on its behalf to execute any such instrument of appointment. Any person appointed by the Trustee under the power granted under this clause 20.2 shall (subject always to the provisions of this Programme Trust Deed as applicable) have such trusts, powers, authorities and discretions (not exceeding those conferred on the Trustee by this Programme Trust Deed as applicable) and such duties and obligations as shall be conferred on it or imposed by the instrument of appointment.

(c) The Trustee shall have power in like manner to:

(i) *remove any such person by giving written notice to the Issuer and the co-trustee;*

(ii) *confer on any co-trustee such duties as it thinks fit; and*

(iii) *to pay such reasonable remuneration as the Trustee may pay to any such person, together with any attributable fees, costs, charges and expenses incurred by it in performing its function as such separate trustee or co-trustee, shall for the purposes of this Programme Trust Deed be treated as fees, costs, charges and expenses incurred by the Trustee.*

20.3 **Retirement of Trustee:** Any Trustee for the time being of this Programme Trust Deed may retire at any time upon giving not less than three (3) calendar months' notice in writing to the Issuer and the SEC without assigning any reason therefor and without being responsible for any costs occasioned by such retirement save for costs associated with, and/or

incidental to, delivering physical copies of any trust document(s) to a new trustee. The retirement of any Trustee shall not become effective unless:

- (a) there remains a trustee hereof in office after such retirement; and
- (b) where a successor is required to be appointed, the successor trustee having accepted such appointment, delivers to the Issuer the duly executed Accession Agreement in or substantially in the form in Schedule 4 to this Programme Trust Deed.

The Issuer hereby covenants that in the event a sole trustee gives notice under this Clause it shall use all reasonable endeavours to procure a new trustee, to be appointed and if the Issuer does not procure a new trustee within three calendar months of such notice being given, the Trustee may appoint a new trustee. The appointment of any trustee pursuant to this clause 20.3 shall be with the prior notification to, and clearance by, the SEC.

- 20.4 **Competence of a majority of Trustee:** Whenever there shall be more than two trustees hereof the majority of such trustees shall be competent to execute and exercise all the trusts, powers, authorities and discretions vested by this Programme Trust Deed in the trustees generally.
- 20.5 **Powers additional:** The powers conferred by this Programme Trust Deed upon the Trustee shall be in addition to any powers which may from time to time be vested in them by general law or as the holder of the Bonds.
- 20.6 **Merger:** Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Clause, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

21 Bonds Register

- 21.1 The Issuer shall at all times keep at the office of the Registrar for the time being or at such other place in Nigeria as the Trustee may approve, an accurate Register showing the amount of the Bonds for the time being issued and fully paid and the date of registration and all subsequent transfers or changes of ownership thereof and the name and address and description of the Bondholder and any person deriving title under it, such information to be obtained by the Registrar at least one (1) Business Day prior to each Record Date while the Bonds are outstanding.
- 21.2 The Trustee and the Bondholders or any of them and any person authorised in writing by any of them shall be at liberty at all reasonable times during office hours to inspect the said Register and to take copies of and extracts from the same or any part thereof. The said Register may be closed at such times and for such periods as the Registrar may from time to time determine provided that it shall not be closed for more than thirty (30) days in any year.
- 21.3 The Registrar shall maintain and update the Register until such time that all outstanding Bonds have been fully redeemed and the Issuer's liability under the Issue Documents has

been discharged. The Registrar shall provide details of the Register to the Trustee during the period in which the Bonds are outstanding.

- 21.4 Without prejudice to the aforementioned provisions of this Programme Trust Deed, the Registrar shall, in the maintenance of the Register, obtain details (including bank account details and payment instructions) of the Bondholders and shall provide such details to the Trustee during the period which the Bonds are outstanding.

22 Notices

- 22.1 **Addresses for notices:** All notices and other communications hereunder shall be made in writing and in English (by letter, telex or fax) and shall be sent as follows:

- (b) If to **Novambl Investments SPV Plc**, to it at:

121/123 Funso Williams Avenue,
Iponri
Lagos State
Nigeria.

Tel: [●]
For the Attention of: [●]
Email: [●]

- (c) If to **Nova Merchant Bank Limited**, to it at:

23 Kofo Abayomi Street,
Victoria Island
Lagos State
Nigeria.

Tel: [●]
For the Attention of: [●]
Email: [●]

- (d) If to **Stanbic IBTC Trustees Limited** at:

The Wealth House,
Plot 1678 Olakunle
Bakare Close, Off Sanusi Fafunwa Street,
Victoria Island
Lagos.

Tel: +234 803 300 9192; 014221313; 08187238223; 014221374
For the Attention of: Seyi Egbarin/ Temitope Onabowale
Email: SITLAgency@stanbicibtc.com

- 22.2 **Effectiveness:** Every notice or other communication sent in accordance with clause 22.1 shall be effective as follows:

(a) **Personal delivery:** if delivered by hand or by courier, on signature of a delivery receipt or at the time the notice is left at the address;

(b) **Email:** if sent by e-mail, one hour after the notice was sent with proof of delivery thereof or upon acknowledgment of receipt, whichever is earlier;

provided that any such notice or other communication which would otherwise take effect after 5.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding Business Day in the place of the addressee.

23 Compliance With The ISA

23.1 The Trustee in exercise of the powers and discretions vested in it pursuant to these presents shall comply with the provisions of the ISA, and shall file with the SEC all necessary statutory reports in relation to the repayment of principal and interest under the trust herein constituted and in any trust deed supplemental to this Programme Trust Deed.

23.2 The Trustee shall inform the SEC whenever it becomes necessary to enforce the terms of this Programme Trust Deed and any breach of the terms and conditions of the Programme Trust Deed or a Series Trust Deed not later than ten (10) Business Days after the breach.

24 Law and Jurisdiction

24.1 **Governing Law:** This Programme Trust Deed, the Bonds and all obligations arising out of or in connection with them shall be governed by and construed in accordance with Nigerian law.

24.2 **Dispute Resolution:** In the event of any dispute arising out of or under this Programme Trust Deed, the parties shall within five (5) Business Days from the date the dispute arose, notify the SEC of the existence of the dispute. The parties may within ten (10) Business Days from the date the SEC was notified, resolve the dispute by mutual negotiation.

24.3 **Arbitration:** Any dispute which cannot be mutually resolved by the Parties in accordance with clause 24.2 shall be referred to Arbitration in accordance with the provisions of the Arbitration and Conciliation Act, Cap A18, LFN, 2004. The arbitral tribunal shall consist of three arbitrators. The Obligors and the Trustee shall each appoint one arbitrator. The two arbitrators so appointed shall appoint the third arbitrator, who shall preside over the Panel. PROVIDED THAT if the first two arbitrators are unable to agree on a third arbitrator within two (2) weeks of the appointment of the second arbitrator, the matter shall be referred to the Director General of the SEC who shall nominate the third arbitrator. The arbitrators shall also have a maximum period of ten (10) Business Days to resolve the dispute after the exchange of pleadings by the parties. In the event that the parties or the arbitrators are unable to settle the dispute, the matter shall be referred to the Investments and Securities Tribunal in accordance with the provisions of the ISA. The seat of arbitration shall be Lagos, Nigeria, and the language of arbitration shall be English.

24.4 **Consent to enforcement etc.:** The Obligors consent generally, in respect of any proceedings, or arbitral proceedings pursuant to Clause 24.3 (*Arbitration*) to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any final order or judgment which may be made or given in such Proceedings.

24.5 **Cost of Arbitration:** The Obligors shall bear the cost and expenses of the arbitrators appointed pursuant to Clause 24.3 (*Arbitration*).

24.6 **Waiver of immunity:** To the extent that an Obligor may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to it or its assets or revenues, such Obligor agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

24.7 **Severability:** This clause 24 shall be severable from the rest of this Programme Trust Deed and shall remain effective if this Programme Trust Deed is cancelled or terminated.

25 Assignments and Transfers

25.1 **No Restrictions:** Other than as provided in this Programme Trust Deed or any Series Trust Deed, there are no restrictions on the transferability of the Bonds.

25.2 **Transfers by the Trustee:** Upon duly obtaining the approval of the SEC and obtaining the consent of the Issuer and Bondholders, the Trustee may assign or transfer any of its rights, interests or obligations under or in respect of this Programme Trust Deed to any successor as trustee subject to the provisions of this Programme Trust Deed.

25.3 **Transfers by the Obligors:** The Obligors may not assign or transfer any of their rights, interests or obligations under or in respect of this Programme Trust Deed to any person, without obtaining the approval of the SEC and without the express consent of the Trustee acting on the instructions of the Bondholders.

26 Waiver of Defences

The obligations of the Obligors under this Programme Trust Deed shall not be affected by any act, omission, matter or thing which, but for this provision, might operate to release or otherwise exonerate the Issuer from its obligations under this Programme Trust Deed, in whole or in part, including, whether or not known to the Obligors or the Trustee:

- (a) any time, indulgence or waiver granted to or composition with any Obligor or any other person;
- (b) the taking, variation, compromise, renewal or release of, or refusal or neglect to perfect, take up or enforce any rights, remedies or securities against any Obligor or any other person or any non-presentment or non-observance of any formality or other requirement in respect of any instruments; or
- (c) any legal limitation, disability, incapacity or other circumstances relating to the Issuer or any other person.

27 Severance

In case any provision in or obligation under this Programme Trust Deed shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

28 Counterparts

28.1 This Programme Trust Deed may be executed in any number of counterparts, each of which when executed shall constitute a duplicate original, but all the counterparts shall together constitute one agreement.

28.2 Transmission of the executed signature page of a counterpart of this Programme Trust Deed by email (in PDF or JPEG) shall take effect as delivery of an executed counterpart of this Programme Trust Deed. If either method of delivery is adopted, without prejudice to the validity of the agreement thus made, each party shall provide the others with the original of such counterpart as soon as reasonably possible thereafter.

28.3 No counterpart shall be effective until each party has executed at least one counterpart.

29 Status Of Programme Trust Deed

29.1 The terms and conditions of this Programme Trust Deed shall be subject to the provisions of the Relevant Laws.

Declarations

Except as otherwise disclosed in this Shelf Prospectus:

- (a) No share of the Company is under option or agreed conditionally or unconditionally to be put under option;
- (b) No commissions, brokerages or other special terms have been granted by the Company to any person in connection with the Medium Term Note Programme or sale of any securities of the Company;
- (c) Save as disclosed herein, the directors of the Company have not been informed of any holding representing 5% or more of the issued share capital of the Company;
- (d) There are no founders, management or deferred shares or any options outstanding in the Company;
- (e) There are no material service agreements between the Company or any of its Directors and employees other than in the ordinary course of business;
- (f) There are no long-term service agreements between the Company or any of its Directors and employees other than in the ordinary course of business;
- (g) No Director of the Company has had any interest, direct or indirect, in any property purchased or proposed to be purchased by the Company in the five years prior to the date of this SP;
- (h) No prosecution has commenced against the Company or any of its subsidiaries in respect of any breach of any securities laws or CAMA; and
- (i) No action has been taken against the Company by FMDQ and NSE in respect of any breach of the listing requirements of the Exchange.

Further declarations/information in respect of shareholders/key management staff:

It is further declared that to the best of knowledge of Directors as at 31st December, 2018:

- (a) None of the above is under any bankruptcy or insolvency proceedings in any court of law;

STATUTORY AND GENERAL INFORMATION

- (b) None of them has been convicted in any criminal proceeding; and
- (c) None of them is subject of any order, judgment or ruling of any court of competent jurisdiction or regulatory body relating to fraud or dishonesty.

Material Contracts

Apart from the Transaction Documents to which it is a party, the Issuer has not entered into any material contracts other than in the ordinary course of its business.

Cost and Expenses

The cost, charges and expenses of and incidental to the Issue, including fees payable to SEC, FMDQ, The NSE, Clearing Agent, professional parties' fees, brokerage commission, printing and distribution expenses will be determined at each issuance. These costs are payable by the Issuer and deductible from the proceeds of the Issue. This shall be specified in the relevant Supplementary Prospectus to be issued under this Programme.

Relationship between the Issuer and its Advisers

No relationship other than the professional ones established pursuant to this Programme exists between the Issuer and any of its advisers than in the ordinary course of its business.

Mergers or Takeovers

As at the date of this Shelf Prospectus, the Directors were not aware of a merger or takeover offer by third parties in respect of the Bank's shares during the preceding financial year or current financial year.

Consents

The under listed parties have given and not withdrawn their written consents to the issue of this Prospectus with their names and reports (where applicable) included in the form and context in which they appear:

Directors of the Issuer	
Sunday Oroloke	Director
Wuraola Ayodeji	Director
Hanson Olumide	Company Secretary

Directors of the Sponsor	
Phillips Oduoza	Chairman
Anyalechi Duroha	Managing Director/CEO
Shams Butt	Non-Executive Director
Malachy Nwaiwu	Non-Executive Director
Emmanuel Ijewere	Independent Director
Bolanle Onagoruwa	Independent Director
Habiba Ammah Wakil	Independent Director
Ayodeji Adigun	Executive Director
Nnadozie Ohaji	Company Secretary

Professional Parties to the Programme	
United Capital Plc	Lead Issuing House
Stanbic IBTC Capital Limited	Joint Issuing House
Union Capital Markets Limited	Joint Issuing House
Stanbic IBTC Trustees Limited	Bond Trustee
Leadway Capital & Trusts Limited	Share Trustee

STATUTORY AND GENERAL INFORMATION

Consolex Legal Practitioners	Solicitors to the Issuer
G. Elias & Co.	Solicitors to the Issue
PricewaterhouseCoopers	Auditors
Ernst & Young	Reporting Accountant
Greenwich Registrars and Data Solution Limited	Registrars
United Bank for Africa Plc	Receiving Bank

Documents Available for Inspection

Copies of the following documents may be inspected at the offices of the Issuing Houses during normal business hours on any weekday (except public holidays), during the validity period of the Programme:

- i. The Certificate of Incorporation of the Bank, duly certified by the Group Company Secretary;
- ii. The Memorandum and Articles of Association of the Bank, duly certified by the CAC;
- iii. A copy of the resolution dated 22ND day of November 2019 passed at the meeting of the Board of Directors, recommending the Programme for the consideration of the shareholders; signed by a Director and the Company Secretary;
- iv. The Bank's Audited Accounts for the eight-month period ended December 31, 2017, and the year ended December 31, 2018 prepared in accordance with IFRS;
- v. The Reporting Accountant's Report on the Audited Accounts of the Bank;
- vi. The schedule of the Claims and Litigation referred to above and the Solicitors' opinion thereon;
- vii. The material contracts referred to on page 51 of this Prospectus;
- viii. The written consents referred to on page 146 of this Prospectus;
- ix. The letter from Solicitors on claims and litigations; and
- x. The letter dated December 10th, 2019 conveying the CBN "No Objection" to the establishment of the Programme

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be prepared by the Issuer for each Series of Bonds issued under the Programme:



NOVAMBL Investments SPV PLC

RC:1642580

(A SPECIAL PURPOSE VEHICLE INCORPORATED AS A PUBLIC LIMITED LIABILITY IN THE FEDERAL REPUBLIC OF NIGERIA)

OFFER FOR SUBSCRIPTION OF

[●]

Series [●]: [●]-Year [●]%

Fixed Rate Notes Due [●]

Under a ₦50,000,000,000 Bond Issuance Programme

Issue Price: [●] per unit

Payable in full on Application

Application List Opens: [●]

Application List Closes: [●]

This Pricing Supplement is prepared for the purpose of Rule 279(3) of the Rules and Regulation of the Securities & Exchange Commission (the "Commission" or SEC) in connection with the ₦50,000,000,000.00 Bond Issuance Programme established by NOVAMBL Investments SPV Plc (the "Issuer"). This Pricing Supplement is supplemental to, and should be read in conjunction with, the Shelf Prospectus dated [●] and any other supplements to the Shelf Prospectus to be issued by the Issuer. Terms defined in the Shelf Prospectus have the same meaning when used in this Pricing Supplement.

To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Shelf Prospectus, the provisions of this Pricing Supplement shall prevail. This Pricing Supplement may be used to offer and sell the Bonds only if accompanied by the Shelf Prospectus. Copies of the Shelf Prospectus can be obtained from any of the Issuing Houses.

The registration of the Shelf Prospectus and this Pricing Supplement shall not be taken to indicate that the Commission endorses or recommends the Securities or assumes responsibility for the correctness of any statements made or opinions or reports expressed in the Shelf Prospectus or this Pricing Supplement. No Securities will be allotted or issued on the basis of the Shelf Prospectus read together with this Pricing Supplement later than three (3) years after the date of the issue of the Shelf Prospectus.

This Pricing Supplement contains particulars in compliance with the requirements of the Commission for the purpose of giving information with regard to the Securities being issued hereunder (the "Series [●] Bonds" or "Bonds"). Application has been made to the FMDQ/Governing Council of The NSE for the admission of the Bonds to the Daily Official List of the Exchange. The Bonds now being issued will upon admission to the Daily Official List qualify as a security in which Trustees may invest under the Trustee Investments Act (Cap T22) Laws of the Federation of Nigeria, 2004.

The Issuer accepts full responsibility for the accuracy of the information contained in this Pricing Supplement. The Issuer declares that having taken reasonable care to ensure that such is the case, the information contained in this Pricing Supplement is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information and that, save as disclosed herein, no other significant new factor, material mistake or inaccuracy relating to the information included in the Shelf Prospectus has arisen or has been noted, as the case may be, since the publication of the Shelf Prospectus. Further, the material facts contained herein are true and accurate in all material respects and the Issuer confirms that, having made all reasonable enquiries, to the best of its knowledge and belief, there are no material facts, the omission of which would make any statement contained herein misleading or untrue.

This Pricing Supplement is dated [●]

FINAL TERMS OF THE SERIES [•] BONDS		
1.	Issuer	NOVAMBL Investments SPV Plc
2.	Description of the Bonds:	[•]
3.	Series Number:	[•]
4.	Aggregate Principal Amount of Bonds:	[•]
5.	Issue Price:	[•]
6.	Denomination(s):	[•]
7.	Issue Date:	[•]
8.	Maturity Date:	[•]
9.	Principal Moratorium:	[•]
10.	Interest Basis:	[•]
11.	Redemption/Payment Basis:	[•]
12.	Status:	[•]
13.	Security:	[•]
14.	Listing(s):	[•]
15.	Method of Distribution:	[•]
16.	Offer Period	[•]
Provisions Relating to Interest (If Any) Payable		
17.	Fixed Rate Note Provisions	
	- Interest Rate:	[•]
	- Coupon Payment Date(s) /Payment Dates:	[•]
	- Interest Amount(s):	[•]
	- Business Day Convention:	[Following Business Day Convention/ Preceding Business Day Convention/ Modified Business Day]
	- Business Day:	Modified Business Day
	- Other terms relating to method of calculating interest for Fixed Rate Bonds:	[•]
18.	Floating Rate Note Provisions	[•] (if not delete the remaining sub-paragraphs of this paragraph)

FORM OF PICING SUPPLEMENT

	- Coupon Payment Date(s):	[•]
	- Reference Banks:	[•]
	- Spread (if applicable):	[•]
	- Party responsible for calculating interest rate and interest amount(s)	[•]
	- Relevant Time (if applicable):	[•]
	- Screen Rate Determination: <ul style="list-style-type: none"> • Benchmark: • Coupon Determination Dates(s): • Relevant Screen Page: 	Actual/Actual: Actual/360
	- Day Count Fraction	[•]
Provisions Relating to Redemption		
19.	Optional Early Redemption (Call Option):	[Applicable/Not Applicable]
20.	Optional Early Redemption (Put Option):	[Applicable/Not Applicable]
21.	Scheduled Redemption/Amortization:	[Applicable/Not Applicable]
22.	Redemption Amount(s):	[•]
23.	Scheduled Redemption Dates:	[•]
24.	Final Redemption Amount:	[•]
General Provisions Applicable to the Notes		
25.	Form of Notes: Form of Dematerialized Notes: Registrar:	Dematerialised Notes [Registered/Certificate/Dematerialized] [•]
26.	Trustee(s):	[•]
27.	Record Date:	[•]
28.	Other terms or special conditions:	[•]
Distribution, Clearing and Settlement Provisions		
29.	Underwritten/Book-building:	[•]
30.	If Underwritten, names of Underwriters	[•]
31.	Clearing System:	[•]
General		
32.	Rating:	[•]
33.	Taxation:	[•]

34.	Governing Law	Nigeria
-----	---------------	---------

Appendices

35.	Appendices:	[List and Attach Appendices if applicable]
-----	-------------	--

Use of Proceeds

[Insert details of use of proceeds]

Material Adverse Change Statement

Except as disclosed in this document and in the Shelf Prospectus dated [●], there has been no significant change in the financial or trading position of the Issuer since *[insert date of last audited accounts or interim accounts (if later)]* and no material adverse change in the financial position or prospects of the Issuer since *[insert date of last published annual accounts]*.

Responsibility

The Issuer accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Shelf Prospectus referred to above, contains all information that is material in the context of the issue of the Bonds.
