

THIS DOCUMENT IS IMPORTANT AND YOU ARE ADVISED TO CAREFULLY READ AND UNDERSTAND ITS CONTENTS. IF YOU ARE IN DOUBT ABOUT ITS CONTENTS OR THE ACTION TO TAKE PLEASE CONSULT YOUR STOCKBROKER, SOLICITOR, BANKER OR AN INDEPENDENT INVESTMENT ADVISER, REGISTERED BY THE SECURITIES & EXCHANGE COMMISSION ("SEC" OR THE "COMMISSION").

For information about risk factors which should be considered by prospective Qualified Institutional Investors and High Net-Worth Investors, please refer to the section on "Risk Factors" on page 70-73

Investors may confirm the clearance of the Prospectus and registration of the securities with the Securities & Exchange Commission by contacting the Commission via sec@sec.gov.ng or +234 (0) 946 21100; +234 (0) 946 21168



₦10,000,000,000 BOND ISSUANCE PROGRAMME

This Shelf Prospectus has been issued in compliance with Rule 321 of the Rules and Regulations of the Securities & Exchange Commission ("SEC" or the "Commission") and the listing requirements of the FMDQ Securities Exchange Plc ("FMDQ") and the Nigerian Stock Exchange ("the NSE") and contains particulars in compliance with the requirements of the Commission for the purpose of giving information with regards to the Programme.

This Shelf Prospectus is to be read and construed in conjunction with any Supplement thereto and all documents which are incorporated herein, by reference and, in relation to any tranches or series (as defined herein) of instruments, together with the applicable Pricing Supplement. This Shelf Prospectus shall be read and construed on the basis that such documents are incorporated herein and form part of this Shelf Prospectus.

This Shelf Prospectus and the securities that it offers have been registered by the Commission. It is a civil wrong and criminal offence under Sections 85 and 86 of the Investments & Securities Act (No. 29 of 2007) to issue a prospectus which contains false or misleading information. The clearance and registration of this Prospectus and the securities which it offers does not relieve the parties from any liability arising under the act for false and misleading statements contained herein or for any omission of a material fact. The registration of this Shelf Prospectus and any applicable Pricing Supplement thereafter does not in any way whatsoever suggest that the Securities & Exchange Commission endorses or recommends the securities or assumes responsibility for the correctness of any statement made or opinion or report expressed therein.

This Prospectus has been approved by the members of the Board of Directors of CardinalStone Financing SPV Plc and they jointly and individually accept full responsibility for the accuracy of all information given and confirm that, after having made inquiries which are reasonable in the circumstances and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

Investors are advised to note that liability for false or misleading statements or acts made in connection with this shelf prospectus is provided in Sections 85 and 86 of the Investments & Securities Act 2007.

This Shelf Prospectus is valid until 2023.

Lead Issuing House/Book Runner



Joint Issuing Houses/Book Runners



RC 264978



RC 446561



RC 199528

THIS SHELF PROSPECTUS IS DATED DECEMBER 30, 2020

THIS SHELF PROSPECTUS WILL BE AVAILABLE ON THE FOLLOWING WEBSITES:

www.cardinalstone.com www.chapelhilldenham.com www.sec.gov.ng

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1. IMPORTANT NOTICE

This Shelf Prospectus has been prepared on behalf of CardinalStone Financing SPV Plc in connection with its ₦10,000,000,000 Bond Issuance Programme for the purpose of giving information to prospective investors in respect of the Bonds described herein. The Securities and Exchange Commission (“SEC” or the “Commission”) has cleared and registered this Prospectus and the securities that it offers.

The Board of Directors of each of the Issuer and the Sponsor accept full responsibility for the information contained in this Shelf Prospectus. The Board of Directors confirms (having taken all reasonable care to ensure that is the case) that the information contained in this Shelf Prospectus is in accordance with the Rules and Regulations of the Commission.

This Shelf Prospectus has been issued in compliance with Part IX of the Act, Part F Rule 279 of the 2013 Rules and Regulations of the Commission and the listing requirements of the FMDQ Securities Exchange Plc (“FMDQ”) and the Nigerian Stock Exchange (“the NSE”) and contains particulars which are compliant with the requirements of the Commission for the purpose of giving information with regard to the Bond Issuance Programme.

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 authorized by either the Issuer, Sponsor, or any parties to the Programme.

Neither this Shelf Prospectus nor any other information supplied in connection with the Programme:

- 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, Sponsor 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 the Bonds. Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own creditworthiness of the Issuer or Sponsor.

Each prospective 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 and the Sponsor. Neither this Shelf Prospectus nor any other information supplied in connection with the Issue or the Bonds constitutes an offer or invitation by or on behalf of the Issuer, the Sponsor, the Issuing Houses or the Trustee to any person to subscribe for or to purchase the Bonds.

Neither the delivery of this Shelf Prospectus nor the offering, sale or delivery of the Bonds shall in any circumstances imply that the information contained herein concerning the Issuer or the Sponsor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme continues to remain correct as of any time subsequent to the date indicated in the document containing the same.

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. Prospective investors should make their own independent assessment of the merits or otherwise of subscribing for the Debt Securities offered herein and should take their own professional advice in connection with any prospective investment by them.

The distribution of this Shelf Prospectus and the offer or sale of Bonds may be restricted by law in certain jurisdictions. Persons into whose possession this Shelf Prospectus or any Bonds come must inform

themselves about and observe any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Bonds in the United States of America, the United Kingdom and certain other jurisdictions. The Issuer does not represent that this Shelf Prospectus may be lawfully distributed, or that any Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available there under, nor does it assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which would permit a public offering of any Bonds or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable law and regulations.

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

Statements in a Pricing Supplement

Following the publication of this Shelf Prospectus, Pricing Supplement(s) will be issued in relation to each Series or Tranche of Bonds that are to be offered for issuance under the Programme. Each applicable Pricing Supplement will be cleared and approved by the SEC.

Specific statements on a Bond as contained in the relevant 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 statements so modified shall not, except as modified or superseded, constitute a part of the Shelf Prospectus.

Amendments to the Shelf Prospectus

The Issuer, in the event of any significant change, material mistake or inaccuracy relating to information included in this Shelf Prospectus which is capable of affecting the assessment of the Bonds, shall prepare an addendum to this Shelf Prospectus for use in connection with any subsequent issue of Bonds, under the Debt Issuance Programme, which shall be subject to the Commission's clearance.

2. DEFINITIONS

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

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| “Agusto & Co” | Agusto & Co. Limited |
| “Applicable Pricing Supplement” or “Pricing Supplement” | The document(s) to be issued pursuant to the Shelf Prospectus which shall provide final terms and conditions of a specific Series or Tranche of Debt Securities issued under the Programme and read in conjunction with the Shelf Prospectus |
| “Auditor” | PKF Professional Services (Chartered Accountants), or any successor auditor which may be appointed in future |
| “Board” or “Board of Directors” or the “Directors” | Board of Directors of the Sponsor |
| “Bonds” | The registered bonds issued by the Issuer from time to time in accordance with the terms of this Shelf Prospectus and any subsequent Pricing Supplement |
| “Bond Issuance Programme” or the “Programme” | The ₦10,000,000,000 Bond Issuance Programme being undertaken by the Issuer as described in this Shelf Prospectus, pursuant to which the Company may issue series and/or tranches of Bonds from time to time, provided however that the aggregate value does not exceed ₦10,000,000,000 |
| “Bondholder” | Any registered owner or beneficial owner of Bond units to be issued under the Programme |
| “Book Building” | A process of price and demand discovery through which a Book Runner seeks to determine the price at which securities should be issued, based on the demand from Qualified Institutional Investors and High Net Worth Investors |
| “Book Runner(s)” | The Issuing House(s) duly appointed by the Issuer to manage the order book in respect of the Bonds being sold by way of Book Building |
| “Business Day(s)” | Any day(s) except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria on which banks are open for business in Nigeria |
| “CAC” | Corporate Affairs Commission |
| “CAMA” | Companies and Allied Matters Act 2020 |
| “CardinalStone”, the “Sponsor” or the “Co-Obligor” | CardinalStone Partners Limited |
| “CardinalStone Bonds” | The notes issued by the Sponsor and purchased by the Issuer with the net proceeds of the Bonds issue on the terms contemplated in the MNIA |
| “CBN” | Central Bank of Nigeria |
| “CIT” | Companies Income Tax |

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|---|---|
| “CITA” | Companies Income Tax Act Cap C21, LFN, 2004 as amended by the Companies Income Tax (Amendment Act No. 11 of 2007) and Finance Tax Act, 2020 |
| “Conditions” or “Terms and Conditions” | Terms and conditions in accordance with which the Bonds will be issued, set out in the section headed “Terms and Conditions of the Bonds” in this Prospectus, the Programme Trust Deed and the relevant Series Trust Deed |
| “Coupon” | The interest payable to Bondholders as specified in the Applicable Pricing Supplement |
| “Coupon Commencement Date” | The date on which the Coupons on each Bond starts accruing to Bondholders as specified in the Applicable Pricing Supplement |
| “Coupon Payment Date” | The date on which coupon is to be paid to Bondholders as specified in the Applicable Pricing Supplement |
| “CSCS” or the “Clearing System” | Central Securities Clearing System Plc |
| “CSD” | CSCS or FMDQ-D or any central securities depository registered or recognized by SEC and appointed by the Issuer or as may be specified in the Applicable Pricing Supplement |
| “Daily Official List” | A publication of FMDQ or NSE, published daily, providing information on all securities quoted on its Exchange |
| “DataPro” | DataPro Limited |
| “Debt Securities” | Registered bonds to be issued under the Programme by the Issuer |
| “Event of Default” | All such events of default as are defined under the Programme Trust Deed and as stated in a Series Trust Deed |
| “Exchange” | The FMDQ or the NSE or any other securities exchange recognized by the Commission |
| “Federal Government” or “FGN” | Federal Government of Nigeria |
| “Fixed Rate Bonds” | Bonds in respect of which interest is to be calculated and paid on a fixed rate basis and will not change during the life of the Bonds |
| “Floating Rate Bonds” | Bonds in respect of which interest is to be calculated and paid on a floating rate basis as prescribed in the Applicable Pricing Supplement |
| “FMDQ” | FMDQ Securities Exchange Plc |
| “GCR” | Global Credit Rating Agency |
| “High Net Worth Investors” or “HNI” | As defined in the SEC Rules |
| “IASB” | International Accounting Standards Board |
| “IFRS” | International Financial Reporting Standards |
| “Interest Period” | Interest Period as defined in the Applicable Pricing Supplement |
| “ISA” | Investments and Securities Act (No 29 of 2007) |

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| “Issue Date” | The 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 Bondholders as specified in the applicable Pricing Supplement |
| “Issue Price” | The price at which a Bond is issued as specified in the Applicable Pricing Supplement |
| “Issuer” or the “Company” | CardinalStone Financing SPV Plc, a special purpose public limited liability company incorporated under the laws of Nigeria with registration number 1697215. |
| “Issuing Houses” | Chapel Hill Denham Advisory Limited, FBNQuest Merchant Bank Limited, FCMB Capital Markets Limited and FSDH Capital Limited |
| “Joint Issuing Houses” | FBNQuest Merchant Bank Limited, FCMB Capital Markets Limited and FSDH Capital Limited |
| “Joint Trustees” | United Capital Trustees Limited and Vetiva Trustees Limited |
| “Lead Issuing House/Book Runner” | Chapel Hill Denham Advisory Limited |
| “LFN” | Laws of the Federation of Nigeria 2004 |
| “MNIA” | The Master Notes Issuance Agreement dated on or about the 30th day of December 2020, among the Sponsor, the Issuer, United Capital Trustees Limited and Vetiva Trustees Limited under which the Sponsor issues the CardinalStone Bonds to the Issuer |
| “Naira”, “NGN” or “₦” | The Nigerian Naira |
| “NBS” | National Bureau of Statistics |
| “Nigeria” | The Federal Republic of Nigeria, and the term “Nigerian” shall be construed accordingly |
| “NSE” | The Nigerian Stock Exchange |
| “OTC” | Over-the-counter |
| “PFA” | Pension Fund Administrator |
| “PIT” | Personal Income Tax |
| “PITA” | Personal Income Tax Act Cap, P8, LFN 2004 (as amended by the Personal Income Tax (Amendment) Act No. 20 of 2011) |
| “Principal Amount” | The nominal amount of each Bond, as specified in the Applicable Pricing Supplement |
| “Programme Trust Deed” | The Deed dated December 30, 2020 constituting the Bond between CardinalStone Financing SPV, the Sponsor and the Joint Trustees |
| “Qualified Institutional Investor” | As defined in Rule 321 of SEC Rules, institutional purchasers of securities, including Fund Managers, Pension Fund Administrators, Insurance Companies, Investment/Unit Trusts, Multilateral and Bilateral Institutions, Registered and/or Verifiable PE funds and Hedge Funds, Market Makers, Staff Schemes, Trustees/Custodians, and Stock Broking Firms |

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| “Rating Agencies” | Agusto & Co, GCR, DataPro or any other rating agency that may be appointed |
| “Record Date” | The date on which the list of holders of the Bonds is extracted from the Register for the purposes of paying Coupon |
| “Receiving Bank” | Sterling Bank Plc or any other Receiving Bank appointed by the Issuer from time to time |
| “Redemption Amount” | The aggregate Principal Amount outstanding in respect of a Bond on the Maturity Date as specified in the Applicable Pricing Supplement |
| “Register” | The Register of Bondholders kept at the specified office of the Registrar in which shall be entered the names, addresses of each Bondholder and the particulars, transfers and redemption of Bonds held by each Bondholder in a Series or Tranche |
| “Registrar” | DataMax Registrars Limited or any other person so appointed by the Issuer |
| “Reporting Accountant” | Ernst & Young (“EY”) Nigeria or any other person that may be appointed as Reporting Accountant |
| “Reverse Floating Rate” | Bonds in respect of which interest is calculated to have an inverse relationship to the referenced benchmark rate |
| “SEC Rules” or “Rules and Regulations” | The Rules and Regulations of the Securities & Exchange Commission (2013) issued pursuant to ISA as may be amended from time to time |
| “SEC” or the “Commission” | Securities & Exchange Commission |
| “Series” | A Tranche of Bonds together with any further Tranche or Tranches of Bonds which are: <ul style="list-style-type: none"> – expressed to be consolidated and form a single series; and – are identical in all respects (including as to listing) except for their respective Issue Dates, Coupon Payment Dates and/or Issue Prices |
| “Series Trust Deed” | A Deed supplementing or modifying the provisions of the Programme Trust Deed entered into by the Issuer, Sponsor and the Trustee(s) with regards to a specific Series or Tranche and empowering the Trustee(s) to hold, administer and manage the applicable assets |
| “Shelf Prospectus” or “Prospectus” | This Prospectus that CardinalStone Financing SPV Plc has filed in accordance with SEC Rules, which contains details of the Bond Issuance Programme |
| “Solicitors to the Issue” | Udo Udoma & Belo-Osagie |
| “Tranche” | Bonds which are identical in all respects |
| “Transaction Documents” | The Shelf Prospectus, Pricing Supplement, Programme Trust Deed, Series Trust Deed and all related documents issued from time to time in respect of a Bond issuance herein |
| “Trust Deeds” | The Programme Trust Deed and the Series Trust Deed(s) |

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| "Trustees" | United Capital Trustees Limited and Vetiva Trustees Limited granted fiduciary power by the Issuer to enforce the terms and conditions of the Bond Issuance Programme and such other Trustees that may be appointed from time to time by the Issuer |
| "Validity Period" | A period expiring three (3) years from the date of SEC approval of this Shelf Prospectus, during which bonds may be issued under the Programme |
| "VAT" | Value Added Tax |
| "Zero Coupon Bond" | A Bond issued at a discount to its face value |

3. DECLARATION BY THE ISSUER



CARDINALSTONE FINANCING SPV PLC

RC 1697215

DECLARATION OF ISSUER

This Shelf Prospectus has been prepared by the Issuing Houses on behalf of CardinalStone Financing SPV Plc (the "Issuer") for the purposes of providing information to prospective investors on relevant aspects of the Issuer and the Sponsor in connection with the Programme.

On behalf of the Board of Directors, we hereby make the following declarations:

1. We confirm that the information contained in this Shelf 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 prospect of the Issuer as at the date of this document; and
3. The Issuer or any of its subsidiaries is not in breach of any terms and conditions in respect of borrowed monies which resulted in the occurrence of any event of default and an immediate recall of such borrowed monies during the 12 (twelve) months preceding the date of this Shelf Prospectus.

Signed for and on behalf of
CardinalStone Financing SPV Plc
by its duly authorised representatives:

Micheal Nzewi
Director

Oloruntoba Ayodele
Chief Financial Officer

Azizah Abiola
Company Secretary

ADEMOLA OBAYOMI LL M
NOTARY PUBLIC
200, Igboere Road,
Lagos, Nigeria.

*Notarised by me in Lagos,
this 20th day of August 2020*



Directors: Michael Nzewi

Mohammed Garuba

5 Okotie Eboh Street

Ikoyi Lagos Nigeria

Tel: +234 1 448 9900

Fax: +234 1 448 9905

RC 1697215

4. DECLARATION BY THE SPONSOR



CARDINALSTONE PARTNERS LIMITED RC 739441

DECLARATION OF THE SPONSOR

This Shelf Prospectus has been prepared by the Issuing Houses on behalf of CardinalStone Financing SPV Plc (the "Issuer") and CardinalStone Partners Limited (the "Sponsor") for the purpose of providing information to prospective investors on relevant aspects of the Issuer and the Sponsor in connection with the Programme.

On behalf of the Board of Directors, we hereby make the following declarations:

1. We confirm that the information contained in this Shelf 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 prospect of the Sponsor as at the date of this document; and
3. The Sponsor or any of its subsidiaries is not in breach of any terms and conditions in respect of borrowed monies which resulted in the occurrence of any event of default and an immediate recall of such borrowed monies during the 12 (twelve) months preceding the date of this Shelf Prospectus.

Signed for and on behalf of
CardinalStone Partners Limited
by its duly authorised representatives:

Michael Nzewi
Managing Director

Oloruntoba Ayodele
Chief Financial Officer

Azizah Abiola
Company Secretary

ADEMOLA OBAYOMI LL.P.
NOTARY PUBLIC
200, Igboere Road,
Lagos, Nigeria.

*Notarized by me in Lagos
this 20th day of August 2020*



Directors: Fola Adeola | Asue/Ighodalo
Mairo Bashir | Femi Ogunjimi
Mohammed Garuba | Yomi Jemibewon
Michael Nzewi

12 Dar Es Salem Street | Off Aminu Kano Crescent
Wuse II | Abuja | Nigeria

5 Okotie Eboh Street | Ikoyi | Lagos | Nigeria
Tel: +234 1 7100 433
Fax: +234 1 7100 444
RC 739441

5. INFORMATION RELATED TO THE SHELF PROSPECTUS

1. Presentation of Information

The information set forth herein has been obtained from official sources that are believed to be reliable, but the fairness, accuracy, completeness or correctness of the information or opinions contained herein have not been verified. The Issuing Houses, Issuer and Sponsor take responsibility for information contained in the Prospectus; and to the best of their knowledge and honest belief, the information provided is accurate. The information and expressions of opinion herein are subject to change and any proposed changes to the information provided in the Prospectus shall be subject to the Commission's prior review and approval. Neither the delivery of this Shelf Prospectus nor any issue made hereunder or any future use of this Shelf Prospectus shall, under any circumstance, create any impression that there has been no change in the affairs of the Issuer since the date hereof.

All financial and other information presented or incorporated by reference in this Shelf Prospectus has been provided by the Issuer and Sponsor 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 historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the Issuer and the Sponsor. 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.

2. Financial Information

The Sponsor maintains its books of accounts and prepares its statutory financial statements in Naira in accordance with IFRS as promulgated by the IASB.

Unless otherwise indicated, the financial information regarding the Sponsor indicated in this Shelf Prospectus has been derived from the Reporting Accountants' Report on the Sponsor's audited financial statements for the three years ended December 31, 2019. The Sponsor's financial statements for the years ended 31 December 2017, 2018 and 2019 have been prepared in accordance with IFRS as issued by the IASB and are presented in Naira.

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 as 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 words 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 Issuer's intentions, beliefs or current expectations concerning, amongst other things, the Issuer and Sponsor's operating results, financial condition, liquidity, prospects, growth, strategies and the industry in which it operates.

Prospective investors should be aware that forward-looking statements are not guarantees of future performance and that the Issuer's or Sponsor's actual results of operations, financial condition and liquidity, and the development of the industry in which the Sponsor operates, as this may differ materially from those made in or suggested by the forward-looking statements contained in this Shelf Prospectus. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realized.

Neither the Issuer nor Sponsor is obliged to, nor do they intend to, update or revise any forward looking statements made in this Shelf Prospectus whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributed to the Issuer, the Sponsor, the Issuing Houses or persons acting on the Issuer's behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Shelf Prospectus. A prospective investor of the Bonds should not place undue reliance on these forward-looking statements.

Factors that could cause actual results to differ materially from the Issuer's or Sponsor's expectations are contained in the cautionary statements in this Shelf Prospectus and include, among other things, the following:

- a. overall political, economic and business conditions in Nigeria;
- b. economic and political conditions in international markets, including governmental changes;
- c. changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations;
- d. changes in government regulations, especially those pertaining to the Sponsor's industry;
- e. competitive factors in the industries in which the Sponsor and its customers operate;
- f. the demand for the Sponsor's products and services;
- g. interest rate fluctuations and other capital market conditions;
- h. Exchange rate fluctuations;
- i. the timing, impact and other uncertainties of future actions; and
- j. other national emergencies

The sections of this Shelf Prospectus titled **"Risk Factors"**, **"Description of CardinalStone Partners Limited"** and **"Statutory and General Information"** contain more detailed discussions of the factors that could affect the Sponsor'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.

5. Third Party Information

The Issuer and the Sponsor obtained certain statistical and market information that is presented in this Shelf Prospectus in respect of the Nigerian financial services sector, the Nigerian economy and the Nigerian political landscape in general from certain government and other third party sources as identified where it appears herein.

There is not necessarily any uniformity of views among such sources as to such information provided. The Sponsor has not independently verified the information included in this section. Some of the information in this Shelf Prospectus have been derived substantially from publicly available information, such as annual reports, official data published by the Nigerian government or regional agencies or other third party sources as indicated in the text. The Sponsor has accurately reproduced such information and, so far as the Sponsor is aware and is able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading. The Sponsor has relied on the accuracy of this information without independent verification.

Nevertheless, prospective investors are advised to consider these data with caution. Market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. Neither the Issuer, the Sponsor, nor the Issuing Houses have independently verified the figures, market data or other information on which third parties have based their studies.

Certain statistical information reported herein has been reproduced from official publications of, and information supplied by, a number of government agencies and ministries, and other governmental and intergovernmental organisations, including the Central Bank of Nigeria; the International Monetary Fund; the Debt Management Office; the National Bureau of Statistics and the World Bank.

6. PRICING SUPPLEMENTS

Following the publication of this Shelf Prospectus, Applicable Pricing Supplement(s) shall be prepared by the Issuer for each series of Bonds issued under the Programme.

Statements contained in any such Applicable Pricing Supplement(s) 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.

In the event of any significant new matter, material mistake or inaccuracy relating to the information included in this Shelf Prospectus which is capable of affecting the assessment of the Bonds, the Issuer will prepare an addendum to this Shelf Prospectus or publish a new Shelf Prospectus for use in connection with any subsequent issuances of Bonds.

7. THE PROGRAMME

A copy of this Shelf Prospectus, together with the documents specified herein, has been delivered to the SEC for clearance and 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 to be issued under the Programme or assumes responsibility for the correctness of any statements made or opinions or reports expressed herein.

This Shelf Prospectus is issued in compliance with the ISA, the Rules and Regulations of the Securities & Exchange Commission (the “SEC”), the listing requirements of FMDQ OTC PLC (“FMDQ”) and the Nigeria Stock Exchange (the “NSE”) and contains particulars in compliance with the requirements of the SEC for the purpose of giving information to the public with regards to the ₦10,000,000,000 Debt Issuance Programme established by the Issuer. The specific terms of each Series of the Bonds in respect of which this Shelf Prospectus is being delivered will be set forth in the Applicable Pricing Supplement and shall include the specific designation, aggregate principal amount, the currency or currency unit for which the Bonds may be purchased, maturity, interest provisions, authorized denominations, Issue Price, any terms of redemption and any other specific terms. In the event that any issue under the Programme is to be listed, an application will be made to the NSE and/or to the FMDQ for the admission of such Bonds to its official list.

The Directors of the Issuer and Sponsor collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no facts, the omission of which would make any statement herein misleading or untrue.

Lead Issuing House/Book Runner



Joint Issuing Houses/Book Runners



on behalf of



CARDINALSTONE FINANCING SPV PLC

is authorized to issue this Shelf Prospectus in respect of

The ₦10,000,000,000 Debt Issuance Programme

This Shelf Prospectus contains:

1. on page 11, the declaration to the effect that the Sponsor did not breach 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 calendar months immediately preceding the date of filing an application with the SEC for the registration of this Shelf Prospectus;
2. on pages 111 to 112, the Reporting Accountants’ Report prepared by Ernst & Young Nigeria for the years ended December 31, 2017 - 2019 audited financial information by the Sponsor for incorporation into this Shelf Prospectus;

3. on page 107-110, an extract of the Rating Report on the Sponsor by GCR, Agosto and DataPro for incorporation in this Shelf Prospectus; and
4. on page 125, the legal opinion issued by the Solicitors to the Issue, 122 on the effect of claims and litigation against the Sponsor on the Programme.

Validity Period of the Shelf Prospectus and Delivery of Documents:

This Shelf Prospectus is valid until DD MMMM 2023. No Bonds shall be issued on the basis of this Shelf Prospectus read together with any Pricing Supplement issued pursuant hereto later than three (3) years after the Issue Date indicated on the cover of this Shelf Prospectus. This Shelf Prospectus can be obtained at the office of the Issuer and the Issuing Houses throughout its validity period.

8. PARTIES TO THE PROGRAMME

Directors and Company Secretary of the Issuer

| | |
|--------------------------|--|
| The Issuer | CardinalStone Financing SPV Plc 5 Okotie Eboh Street Ikoyi Lagos |
| Directors | Michael Nzewi Director 5 Okotie Eboh Street Ikoyi, Lagos Mohammed Garuba Director 5 Okotie Eboh Street Ikoyi, Lagos |
| Company Secretary | Azizah Abiola 5 Okotie Eboh Street Ikoyi, Lagos |

Directors and Company Secretary of the Sponsor

| | |
|--------------------------|---|
| The Sponsor | CardinalStone Partners Limited 5 Okotie Eboh Street Ikoyi, Lagos |
| Directors | <p>Afolabi Adeola Chairman 5 Okotie Eboh Street Ikoyi, Lagos</p> <p>Michael Nzewi Managing Director 5 Okotie Eboh Street Ikoyi, Lagos</p> <p>Mohammed Garuba Executive Director 5 Okotie Eboh Street Ikoyi, Lagos</p> <p>Asue Ighodalo Non-Executive Director 5 Okotie Eboh Street Ikoyi, Lagos</p> <p>Maryam Bashir Non-Executive Director 5 Okotie Eboh Street Ikoyi, Lagos</p> <p>Femi Ogunjimi Non-Executive Director 5 Okotie Eboh Street Ikoyi, Lagos</p> <p>Yomi Jemibewon Non-Executive Director 5 Okotie Eboh Street Ikoyi, Lagos</p> |
| Company Secretary | Azizah Abiola 5 Okotie Eboh Street Ikoyi Lagos |

Professional Parties to the Programme

| | |
|---|---|
| Lead Issuing House/ Book Runner | Chapel Hill Denham Advisory Limited 45 Saka Tinubu Street (1st Floor) Victoria Island Lagos |
| Joint Issuing Houses/ Book Runners | FBNQuest Merchant Bank Limited 10 Keffi Street South-West Ikoyi Lagos FCMB Capital Markets Limited First City Plaza, 44 Marina Rd Lagos FSDH Capital Limited UAC Building 1/5 Odunlami Street Lagos |
| Joint Trustees | United Capital Trustees Limited Afriland Towers (3rd and 4th Floors) 97/105 Broad Street Lagos Vetiva Trustees Limited 266B Kofo Abayomi Street Victoria Island Lagos |
| Solicitor to the Programme | Udo Udoma & Belo-Osagie St. Nicholas House Catholic Mission Street Lagos |
| Solicitor to the Issuer | Udo Udoma & Belo-Osagie St. Nicholas House Catholic Mission Street Lagos |
| Stockbroker to the Issue | CardinalStone Securities Limited 5 Okotie Eboh Street Ikoyi Lagos |

| | |
|-----------------------------|--|
| Sponsor's Auditor | PKF Professional Services (Chartered Accountants) PKF House 205 Ikorodu Road Lagos |
| Registrars | DataMax Registrars Limited 2C Gbagada Expressway Gbagada Lagos |
| Rating Agencies | Agusto & Co. Limited UBA House (5th Floor) 57 Marina Lagos Global Credit Rating Co. Limited New Africa House (17th Floor) 31 Marina Lagos DataPro Limited Ground Floor, Foresight House 163-165 Broad Street Lagos |
| Reporting Accountant | Ernst & Young Nigeria UBA House (10th Floor) 57 Marina Lagos |
| Receiving Bank | Sterling Bank Plc Sterling Tower 20 Marina Lagos |

9. TRANSACTION OVERVIEW

This section contains summarised information of aspects of the Programme and characteristics of the Bonds. Neither is this summary exhaustive nor does it purport to be a complete or professional review of the investment situation regarding the possible acquisition of the Bonds, which you may currently be considering. This summary should be read as an introduction to this Shelf Prospectus, as such, it should be read in conjunction with the remainder of this Shelf Prospectus and the Supplementary Shelf Prospectus and/or Pricing Supplement. Investors should read the entire Shelf Prospectus carefully, especially the risks involved in investing in the Bonds which are discussed under “Risk Factors” commencing on page 70

Description of Transaction Structure

The Issuer, CardinalStone Financing SPV Plc, is a special purpose vehicle, set up specifically to finance the Sponsor’s funding requirements, by issuing bonds to Qualified Institutional Investors and High Net Worth Investors. Accordingly, the net proceeds of the Bonds will be used to finance the purchase by the Issuer of promissory notes and any other debt securities issued by the Sponsor as may be agreed from time to time.

Utilisation of the Issue Proceeds

Pursuant to the Master Notes Issuance Agreement (MNIA) between the Sponsor, the Issuer and the Joint Trustees, the Issuer shall utilize the net proceeds of the Bonds for the purchase of the debt securities issued by the Sponsor (“the CardinalStone Bonds”).

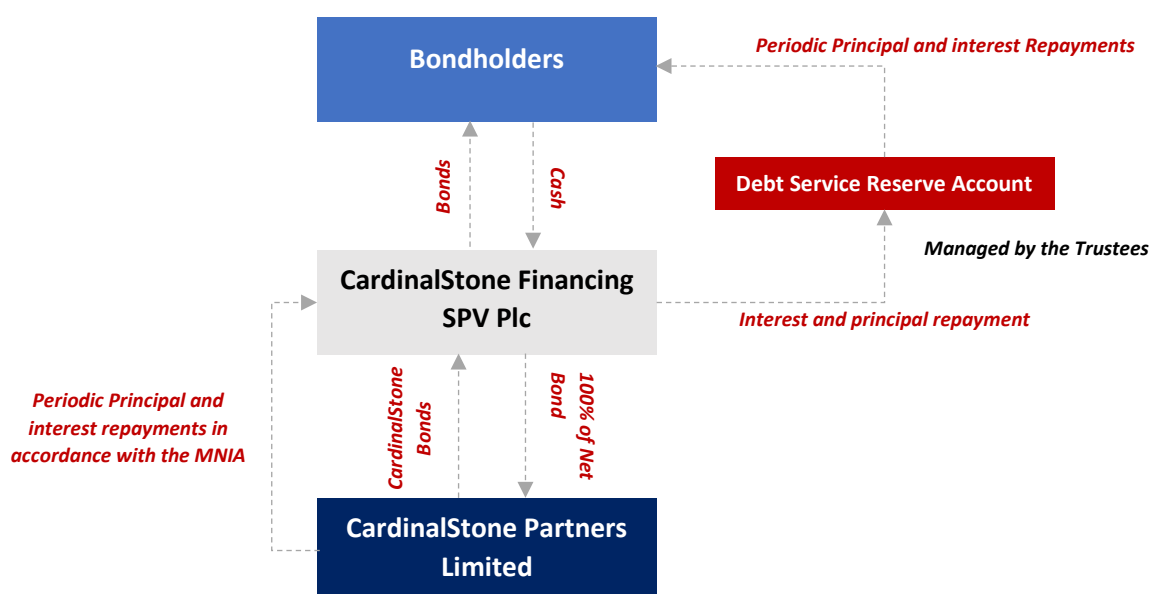
Servicing of the Bonds

The Coupon and the principal payable on the Bonds to the Bondholders will be serviced in accordance with the repayment schedule as contained in the Applicable Pricing Supplement from the payments received by the Issuer from its investments in the CardinalStone Bonds in accordance with the terms of the Master Notes Issuance Agreement.

Deed of Covenant

The Bonds are backed by a Deed of Undertaking entered into by the Sponsor in favour of the Issuer and the Trustees on behalf of the Bondholders, supporting the due discharge of all the obligations of the Issuer under the Programme and the Sponsor irrevocably undertakes to be responsible for the prompt settlement of the payment obligations of the Issuer to the Bondholders, with respect to the Bonds.

Illustration of Issuance Programme



10. SUMMARY OF THE PROGRAMME

The following information should be read in conjunction with the full text of this Shelf Prospectus, from which it is derived. The information provided below is a brief summary of the key features of the proposed Bonds to be issued under the Programme and a description of the Issuer and the Sponsor. This summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Shelf Prospectus as a whole, the Supplementary Prospectus and/or the Pricing Supplement and other documents, if any, incorporated by reference into this Shelf Prospectus.

| Terms | Definitions |
|------------------------------------|---|
| Issuer | CardinalStone Financing SPV Plc |
| Sponsor/Co-obligor | CardinalStone Partners Limited |
| Programme Description | <p>A Debt Issuance Programme being undertaken by CardinalStone Financing SPV Plc through which a Bond or a series of Bonds will be issued.</p> <p>The Programme covers convertible and non-convertible Bonds, Senior or Subordinated and/or Unsecured Bonds, Fixed Rate Bonds, Floating Rate Bonds, Reverse Floating Bonds, Zero Coupon Bonds and any combinations thereof, with a minimum tenor of 1 year, all of which shall be denominated in Naira or in such other currency as may be agreed between the Issuing Houses and the Issuer and specified in the Applicable Pricing Supplement.</p> <p>No Bonds shall be offered on the basis of this Shelf Prospectus or a Pricing Supplement after the expiration of the three (3) year Validity Period of the Shelf Prospectus.</p> <p>The Bonds shall be constituted by the Programme Trust Deed and the relevant Series Trust Deed(s). The provisions of the Programme Trust Deed shall apply separately and independently to the Bonds, provided that any terms and conditions relevant to additional Bonds, if any, under the Programme shall be governed by the relevant Series Trust Deed(s)</p> |
| Programme Limit | ₦10,000,000,000 (Ten Billion Naira) |
| Issuing Houses/Book Runners | Chapel Hill Denham Advisory Limited, FBNQuest Merchant Bank Limited, FCMB Capital Markets Limited and FSDH Capital Limited |
| Trustees | United Capital Trustees Limited and Vetiva Trustees Limited or any other Trustee appointed by the Issuer |
| Use of Proceeds | The Issuer seeks to raise medium to long term debt under the Programme. The application of the proceeds of each Series and or Tranche in relation to the above will be specified in the Applicable Pricing Supplement |
| Maturity Date | As specified in the Applicable Pricing Supplement. |
| Payment Date | As specified in the Applicable Pricing Supplement |
| Methods of Issue | Bonds under this Programme may be issued and sold by way of a public offer, private placement, Book Building process, or any other methods permitted by the SEC as specified in each relevant Pricing Supplement |
| Issuance in Series | The Bonds will be issued in series and each Series may comprise one or more tranches issued on different dates. The Bonds in each Series will be subject to identical terms, whether as to currency or maturity or otherwise, except that the Issue Date, the Issue Price, Coupon |

| | |
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| | Commencement Dates may be different. Details applicable to each Series will be specified in the Applicable Pricing Supplement |
| Interest Rates | Bonds may be interest-bearing or non-interest bearing. Interest (if applicable) may be fixed or floating rate as indicated in relevant Pricing Supplement(s) |
| Currency | The Bonds shall be denominated in Naira (₦) or any other currency as may be agreed between the Issuer, Sponsor and the Issuing House(s) and specified in the Applicable Pricing Supplement, subject to compliance with all applicable legal and regulatory requirements. |
| Fixed Rate Bonds | Fixed Rate Bonds will bear Coupons which will be payable in arrears on each Coupon Payment Date as may be specified in the relevant Pricing Supplement(s) |
| Floating Rate Bonds | Floating Rate Bonds will bear interest at a rate on such basis as may be agreed between the Issuer and Issuing Houses as is specified in the relevant Pricing Supplement. The basis of calculating the amounts of interest payable may be by reference to a variety of financial instruments, currency exchange rate or any other index or formula or as otherwise provided in the relevant Pricing Supplement |
| Index-Linked Bonds | The Issuer may offer Bonds which provide for payments of principal or interest which are linked to a currency, securities exchange or commodities exchange index or other index as stated in the relevant Pricing Supplement. Specific provisions regarding the manner in which such payments are to be calculated and made will be set forth in the relevant Pricing Supplement |
| Zero Coupon Bonds | Zero Coupon Bonds may be issued at a discount to par and will not bear interest other than in the case of default interest for late payment as prescribed in the Applicable Supplement |
| Other Bonds | Terms applicable to High Interest Bonds, Low Interest Bonds, Step-Up Bonds, Step-Down Bonds, Dual Currency Bonds, and any other type of Bonds which the Issuer and the Issuing Houses may agree to issue under the Programme, subject to compliance with all applicable relevant laws, regulations and directives, as set out in the relevant Pricing Supplement |
| Issue Price | The Bonds may be issued at their Principal Amount or at a premium or discount to their Principal Amount, as specified in the relevant Pricing Supplement |
| Denominations | The 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 |
| Event of Default | The events of default under this Programme are as specified in the Trust Deeds |
| Form of Bonds | 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 Bonds being entered in the Register by the Registrar and the Bonds being electronically registered in the CSD account of the Bondholder |

| | | | |
|--|--|-------------|----------------------------------|
| Tenor | The Bonds will have such maturities as may be agreed between the Issuer and the Issuing Houses, subject to such minimum or maximum maturities as may be allowed or required from time to time by the SEC (or equivalent body) or any laws or regulations applicable to the Issuer. The tenor of a particular series of Bonds shall be specified accordingly in the relevant Pricing Supplement | | |
| Other Terms and Conditions | Terms applicable to each Series as specified in the Pricing Supplement other than those specifically contemplated under this Shelf Prospectus which the Issuer and the Issuing Houses may agree to issue under the Programme subject to compliance with all relevant applicable laws and regulations | | |
| Interest and Principal Payment | The Issuer may pay interest and principal on each Series to unit holders the dates stated in the Applicable Pricing Supplement | | |
| Principal Redemption | Each Series will be redeemed on the date(s) specified in the relevant Pricing Supplement | | |
| Early Redemption | Early redemption will be permitted only to the extent specified in the relevant Pricing Supplement and then only subject to any applicable legal or regulatory limitations | | |
| Redemption Amounts | The relevant Pricing Supplement will specify the redemption amount or, if applicable the basis for calculating the redemption amounts payable | | |
| Taxation | The Bonds issued under the Programme are tax exempt in line with the tax exemptions granted by the President of the Federal Republic of Nigeria – as contained in the CIT (Exemption of Bonds and Short Term Government Securities) Order 2011, the VAT (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011 and PIT (Amendment) Act 2011. The CIT and VAT became effective in 2012 and are valid for a period of ten (10) years while the PIT is indefinite. Please refer to the section on Tax Considerations on page 47 for a detailed description of the tax considerations | | |
| Sponsor's Rating | Rating Agency | Year | Credit Rating (Long Term) |
| | Agusto & Co | 2020 | BBB- |
| | GCR | 2020 | BBB- |
| Bond Ratings | Ratings for each Series under the Programme will be stated in the relevant Pricing Supplement | | |
| Ranking | The Bonds may be senior or subordinated Bonds as indicated in the relevant Pricing Supplement | | |
| Status of the Bonds | The status of the Bonds are as specified in the Programme Trust Deed and as modified in respect of any Series by the applicable Trust Deed | | |
| Listing | Each Series of the Bonds will be listed on the FMDQ and/or the NSE, or as may be agreed between the Issuer and Issuing Houses; as specified in the relevant Pricing Supplement. | | |
| Pricing Supplement/Supplementary Shelf Prospectus | The Final terms of each Series will be set forth in a Pricing Supplement/Supplementary Shelf Prospectus | | |
| Negative Pledge | The Issuer and Co-obligor hereby covenants that, while any portion of the Senior Bonds issued under this Programme remains outstanding; it | | |

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| | 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 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 |
| Governing Law | The Bond Issue, the Trust Deed and all related documents (the "Transaction Documents") will be governed by the laws of the Federal Republic of Nigeria. |
| Transaction Documents | <ul style="list-style-type: none"> ▪ Shelf Prospectus ▪ Applicable Pricing Supplement ▪ Programme Trust Deed ▪ Series Trust Deed ▪ Master Notes Issuance Agreement ▪ Vending Agreement ▪ Deed of Undertaking ▪ Reporting Accountants Report ▪ Solicitors' Opinion on Claims and Litigation & Material Contracts ▪ Rating Reports |

11. TERMS AND CONDITIONS OF THE PROGRAMME

The following is the text of the terms and conditions of the Bonds which subject to amendment and as completed, modified, supplemented, varied or replaced, in whole or in part, by the final terms which are attached to the applicable Series Trust Deed, and Supplementary Shelf Prospectus/Pricing Supplement (the “Final Terms”) and save for the italicised text will be endorsed on the Certificates issued in respect of the Bonds.

The provisions of these Terms and Conditions of the Bonds (the “General Conditions”) which are applicable to the Bonds issued under the Programme shall be deemed to be completed by the information contained in the relevant Final Terms. Bonds will be issued in individual Tranches which, together with other Tranches, may form a Series of Bonds. Any provisions of the Final Terms modifying, supplementing or replacing, in whole or in part, the provisions of these General Conditions shall be deemed to so modify, supplement or replace, in whole or in part, the provisions of these General Conditions; alternative or optional provisions of these General Conditions as to which the corresponding provisions of the Final Terms are not completed or are deleted shall be deemed to be deleted from these General Conditions; and all provisions of these General Conditions which are inapplicable to the Bonds shall be deemed to be deleted from these General Conditions as required to give effect to the terms of the relevant Final Terms.

Introduction

The Bonds are constituted by a trust deed (the “Programme Trust Deed”) dated December 30, 2020 between CardinalStone Financing SPV Plc (the “Issuer”), CardinalStone Partners Limited (the “Sponsor”), and United Capital Trustees Limited (“United Capital Trustees”), and Vetiva Trustees Limited (“Vetiva Trustees”). (United Capital Trustees and Vetiva Trustees are jointly referred to as the Trustees which expression shall include all persons for the time being appointed as trustee or trustees under the Programme Trust Deed).

Any Tranche or Series of Bonds which is to be created and issued pursuant to the Programme Trust Deed shall be constituted by, be subject to and have the benefit of a Series Trust Deed (the “Series Trust Deed”) between the Issuer, the Sponsor and the Trustees. The Issuer shall execute and deliver such Series Trust Deed to the Trustees containing such provisions (whether or not corresponding to any of the provisions contained in the Programme Trust Deed) as the Trustees may require. Each Series Trust Deed shall set out the form of the Tranche of Bonds to be so constituted thereby and may be accompanied by legal opinions (in form and substance satisfactory to the Trustees) or supporting authorisations/approvals as may be required by the Trustees.

The Holders are entitled to the benefit of and are bound by, and are deemed to have notice of, all the provisions of the Programme Trust Deed and the relevant Series Trust Deed applicable to them. The Programme Trust Deed and any Series Trust Deed are hereinafter collectively referred to as the “Trust Deed”.

These terms and conditions include summaries of, and are subject to the detailed provisions of the Programme Trust Deed and the Series Trust Deed. Except otherwise stated, words and expressions defined in the Programme Trust Deed shall bear the same meanings when used herein.

1. CURRENCY, FORM, TITLE AND DENOMINATION

1.1 Issue and Currency

The Bonds may be issued by the Issuer in Series or Tranches pursuant to the Programme Trust Deed. A Tranche of Bonds may, together with a further Tranche or Tranches, form a Series of Bonds issued, provided that the aggregate nominal amount of all Bonds Outstanding under the Programme at any one point in time does not exceed the Programme Limit. The Supplementary Shelf

Prospectus/Pricing Supplement for each Tranche of Bonds is (to the extent relevant) incorporated herein for the purposes of those Bonds and supplements these General Conditions.

The Supplementary Shelf Prospectus/Pricing Supplement may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these General Conditions, replace or modify these General Conditions for the purposes of those Bonds.

The Bonds shall be in registered form or as may be specified in the applicable Final Terms, in a specified currency and in specified denomination(s).

1.2 Form and Title

Uncertificated Bonds

The Bonds shall be issued in dematerialised (book-entry) form which shall be registered with a separate securities identification code with the CSD and each Holder shall be issued an E-allotment Notification. Each Holder shall be entitled to deal in the same in accordance with CSD procedures and guidelines.

The CSD Statement of Account shall be conclusive and binding for all purposes save in the case of manifest error and such person named therein shall be treated by the Issuer, the Trustees and the Registrar as the legal and beneficial owner of such aggregate number of Bonds for all purposes.

Certificated Bonds

A Holder may elect to receive a Certificate covering the aggregate Principal Amount of his beneficial interest in the Bonds, PROVIDED THAT joint Holders shall be entitled to only one (1) Certificate in respect of the Bonds jointly held by them which Certificate shall be delivered to that one of the joint Holders whose name appears first in the Register and the delivery of a Certificate to one of such persons shall be deemed to be sufficient delivery to all.

Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the Register.

Title to the Bonds passes only by registration in the Register. The Holder of any Series will (except as otherwise required by law) be treated as its legal and beneficial owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the Holder.

1.3 Listing

A Tranche of Bonds may be listed on the NSE and/or the FMDQ or on such other or further financial exchange(s) as may be determined by the Issuer, subject to any applicable laws. Unlisted Bonds may also be issued under the Programme. The Supplementary Shelf Prospectus/Pricing Supplement will specify whether or not a Series or Tranche of Bonds will be listed, on which financial exchange(s) they are to be listed (if applicable) and, if such Series or Tranche of Bonds are to be listed on the NSE, the relevant platform or sub-market of the NSE such Tranche of Bonds are to be listed.

1.4 Denomination

The aggregate nominal amount, specified currency and specified denomination of a Series or Tranche of Bonds will be specified in the Supplementary Shelf Prospectus/Pricing Supplement.

1.5 Closed Periods

No Holder may require the transfer of the Bonds: (i) during the period of fifteen (15) days ending on the due date for redemption of, or payment of any Coupon or Instalment Amount in respect of that Bond; (ii) after any Bond has been called for redemption by the Issuer or a Holder pursuant to Condition 4 (Redemption, Purchase and Options); or (iii) following the issuance of default notice to the Issuer by the Trustees pursuant to Condition 9 (Events of Default).

2. STATUS OF THE BONDS

2.1 Status of the Senior Bonds

Unless otherwise specified in the Supplementary Shelf Prospectus/Pricing Supplement, 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 or priority among themselves. The payment obligations of the Issuer under the Senior Bonds in respect of principal and any Coupon thereon shall, save for such obligations as may be preferred by applicable legislation relating to creditor's rights, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

2.2 Status of the Subordinated Bonds

Subordinated Bonds are direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves and at least *pari passu* with the claims of all holders of Subordinated Indebtedness.

In the event of the Winding-up of the Issuer, the claims of the Trustees and the Holders of Subordinated Bonds against the Issuer to payment of principal and Coupon in respect of the Subordinated Bonds will rank:

- (a) subordinated in right of payment to the payment of all Senior Indebtedness; and
- (b) *pari passu* without any preference among themselves.

3. COVENANTS

For as long as any of the Bonds remains Outstanding (as defined in the Programme Trust Deed), the Issuer shall/undertakes to comply with the following covenants:

3.1 Negative Pledge

The Issuer shall not create any mortgage, charge, pledge, lien or any encumbrance upon the whole or any part of its present or future undertaking, business, assets or revenues to secure any indebtedness for listed bonds or other listed securities, unless the Issuer's obligations under the Bonds are secured equally and rateably therewith or have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustees in their absolute discretion shall deem not to be materially less beneficial to the Holders.

3.2 Indebtedness

Save as provided in the Programme Trust Deed, the Issuer, without the prior written consent of the Trustees (such consent not to be unreasonably withheld or delay), shall not incur any other indebtedness, other than the issue of bonds for the sole purpose of purchasing debt securities issued by, or the making of any loan to, the Sponsor and or investing in the Permitted Investments;

3.3 Restricted Payments

Save as provided in the Programme Trust Deed, the Issuer, without the prior written consent of the Trustees (such consent not to be unreasonably withheld or delayed), shall not declare or pay any dividend in cash or otherwise or make a distribution (whether by way of redemption, acquisition or otherwise) in respect of its share capital if an Event of Default has occurred and is continuing.

3.4 No Consolidation or Merger

Save as provided in the Programme Trust Deed, the Issuer, without the prior written consent of the Trustees (such consent not to be unreasonably withheld or delayed), shall not consolidate with or merge into any other Person (or enter into any transaction whose effect would be similar to that of a merger) or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its property and assets to any Person by one or more transactions or series of transactions (whether related or not).

3.5 Cessation of Business

Save as otherwise permitted in the Programme Trust Deed, the Issuer shall not cease to carry on its business as a full, effective and valid going concern. The Issuer shall not, without the prior written consent of the Trustees (such consent not to be unreasonably withheld or delayed), have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property (including office premises or like facilities). The Issuer shall not engage in any business or activities:

- a) other than acquiring and holding the Notes and the Permitted Investments and any security in respect thereof, or purchasing debt securities issued by, or any future loans to the Sponsor or any other issue of notes as aforesaid and performing any act incidental to or necessary in connection with the foregoing; and
- b) not permitted under its memorandum and articles of association or relevant laws applicable to its continued corporate existence.

The Issuer shall procure that no material change that would have a Material Adverse Effect is made to the nature of its business from that carried on as at the date of the relevant Series Trust Deed or conduct its business in a manner that might jeopardize the Issuer's fulfillment of its obligations under the Trust Deed.

(f) Trustees Not Obligated to Monitor Compliance

The Issuer shall furnish the Trustees annually, with a certificate on which the Trustees may rely to confirm the Issuer's compliance with the Conditions (including Conditions 3(c), 3(d) and 3(e)). Notwithstanding this, the Trustees are not obliged to monitor compliance by the Issuer with the Conditions (including Conditions 3(c), 3(d) and 3(e)).

4. REDEMPTION, PURCHASE AND OPTIONS

A Series or Tranche of Bonds will be redeemed on the Maturity Date in accordance with Condition 4(a) (Scheduled Redemption). If “Redemption at the option of the Issuer (Call Option)” and/or “Redemption at the option of the Holders (Put Option)” is specified as applicable in the Supplementary Shelf Prospectus/Pricing Supplement, a Tranche of Bonds may, or upon the occurrence of an Event of Default as set out in Condition 9 (Events of Default) be redeemed prior to its Maturity Date in accordance with this Condition 4 (Redemption, Purchase and Options).

(a) Scheduled Redemption

Unless previously redeemed or purchased and cancelled as specified below, the Bonds will be redeemed at the Final Redemption Amount on the Maturity Date subject to the provisions contained in Condition 5 (Payments).

(b) Redemption by Instalments and Final Redemption

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 4, Bonds of a Series or Tranche that provide for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in respect of such Bonds. The outstanding nominal amount of such Bonds shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Bonds, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount. The Registrar shall update the Register to reflect the amount outstanding within five (5) Business Days of the Instalment Date.
- (ii) “Instalment Amount” means the portion of the Principal Amount payable on a date specified in the applicable Final Terms (the “Instalment Date”)
- (iii) Unless previously redeemed, purchased and cancelled as provided below, the Bonds shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided in respect of the Bonds, is its nominal amount) or, in the case of Bonds falling within paragraph (i) above, its final Instalment Amount.

(c) Early Redemption

The Early Redemption Amount payable in respect of Bonds of a Series (upon redemption of such Bonds pursuant to Condition 4(c) or upon it becoming due and payable as provided in Condition 9 (Events of Default), shall be the Final Redemption Amount unless otherwise specified in the Final Terms in respect of the Bonds.

(d) Redemption at the Option of the Issuer (Call Option)

If the Issuer is specified in the Supplementary Shelf Prospectus/Pricing Supplement as having an option to redeem, the Bonds may, be redeemed at the option of the Issuer in whole or, if so specified in the Supplementary Shelf Prospectus/Pricing Supplement, in part, upon the Issuer, having given:

- (i) not less than thirty (30) and not more than sixty (60) days, or such other period as specified in the Supplementary Shelf Prospectus/Pricing Supplement, notice to the Holders in accordance with Condition 13 (Notices); and

- (ii) not less than seven (7) days before giving the notice referred to above, to redeem all or some of the Bonds then Outstanding on the Optional Redemption Date(s) (Call) and at the Optional Redemption Amount(s) (Call) specified in, or determined in the manner specified in, the Supplementary Shelf Prospectus/Pricing Supplement together, if appropriate, with Coupon accrued up to (but excluding) the Optional Redemption Date(s) (Call).
- (iii) Any such redemption amount must be of a nominal amount equal to or greater than the Minimum Redemption Amount or equal to or less than the Maximum Redemption Amount, both as specified in the Supplementary Shelf Prospectus/Pricing Supplement, if applicable. In the case of a partial redemption of Bonds, the Bonds to be redeemed (Redeemable Bonds) will be selected individually by lot; and in each such case not more than thirty (30) days prior to the date fixed for redemption (such date of selection being hereinafter called the Selection Date).

A list of the serial numbers of the individual Certificates will be published in accordance with Condition 13 (Notices) not less than ten (10) days prior to the date fixed for redemption.

Holders of Redeemable Bonds shall surrender the individual Certificates, together with Receipts and Coupon (if any) relating to the Bonds in accordance with the provisions of the notice given to them by the Issuer. Where only a portion of the Bonds represented by such Certificates, Receipts and Coupon (as applicable) are redeemed, the Registrar shall deliver new individual Certificates, Receipts and Coupon (as applicable) to such Holders in respect of the balance of the Bonds.

(e) Redemption at the Option of the Holders (Put Option)

If a Put Option is specified in the Supplementary Shelf Prospectus/Pricing Supplement, the Issuer shall, at the option of a Holder, giving not less than fifteen (15) and not more than thirty (30) days' notice to the Issuer (or such other notice period as may be specified in respect of the Bonds), redeem such Bonds on the Optional Redemption Date(s) at its Optional Redemption Amount together with Coupon (if any) accrued to the date fixed for redemption.

In order to exercise the put option, the Holder must deposit with the Issuer at the Office (with a copy to the Trustees), a duly completed put option exercise notice ("Exercise Notice") within the notice period and give the Trustees such instructions as may be necessary to give effect to the exercise of the put option. Once such option has been exercised by the deposit of an Exercise Notice, it may not be withdrawn without the prior consent of the Issuer.

(f) Redemption for Taxation Reasons

If so specified in the Supplementary Shelf Prospectus/Pricing Supplement, the Bonds may be redeemed at the option of the Issuer in whole, or in part,

- (i) at any time (if neither the Floating Rate Bonds provisions nor the Indexed Bonds provisions are specified in the Supplementary Shelf Prospectus/Pricing Supplement as being applicable or, if they are, such provisions are not applicable at the time of redemption); or
- (ii) on any Coupon Payment Date (if the Floating Rate Bonds Provisions or the Indexed Bonds provisions are specified in the Supplementary Shelf Prospectus/Pricing Supplement as being applicable and are applicable at the time of redemption); or
- (iii) on giving not less than thirty (30) nor more than sixty (60) days' notice to the Holders (which notice shall be irrevocable) at their Early Redemption Amount together with the Coupon accrued to the date fixed for redemption, if:

- (a) the Issuer satisfies the Trustees and the SEC immediately prior to the giving of such notice that 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 (other than 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 date on which agreement is reached to issue the Series or Tranche of the Bonds; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than ninety (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 paragraph, the Issuer shall deliver to the Trustees and the SEC a certificate signed by two (2) Directors stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

Provided, however, that no such notice of redemption shall be given earlier than:

- (i) where the Bonds may be redeemed at any time, ninety (90) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or would be entitled (as such entitlement is materially reduced) to claim a deduction in respect of computing its taxation liabilities; or
- (ii) where the Bonds may be redeemed only on a Coupon Payment Date, sixty (60) days prior to the Coupon Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts or would not be entitled (or such entitlement is materially reduced) to claim a deduction in respect of computing its taxation liabilities.

5. PAYMENTS

- (a) Only Holders named in the Register at the close of business on the fifteenth day (whether or not such fifteenth day is a Business Day) before the relevant due date (the "Record Date") shall be entitled to payment of amounts due and payable in respect of Bonds.
- (b) Payments of an Instalment Amount (where applicable), the Principal Amount, Periodic Distribution, final Instalment Amount and Coupon (where applicable) will be made in the relevant currency and by credit/electronic funds transfer to the specified bank account of the Holder. Provided however that the Issuer shall withhold amounts due to a Holder until a bank account is specified in writing by the Holder and the Holder shall not be entitled to any further Coupon, return or other payment in respect of any such delay. Coupon or returns on Bonds due will be paid to the Holder shown on the Register of Bonds of a Series at the close of business on the Record Date. The Holder shall be the only person entitled to receive payments in respect of Bonds and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of each amount so paid.
- (c) If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer in accordance with the preceding paragraph (whether by reason of strike, lockout, fire, explosion, floods, riot, war, accident, act of God, epidemic, pandemics, embargo, legislation, shortage of or breakdown in facilities, civil commotion, unrest or disturbances, cessation of labour, Government interference or control or any other cause or contingency beyond the control of the Issuer), the Issuer shall make such payment by cheque of any such amounts made payable to the

relevant Holder. Such payments by cheque shall be sent by registered post to the address of the Holder of registered Bonds as set forth in the Register or, in the case of joint Holders of Registered Bonds, the address set forth in the Register of that one of them who is first named in the Register in respect of that Bond. Payment by electronic transfer to the Holder first named in the Register shall discharge the Issuer of its relevant payment obligations under the Bonds. Cheques may be posted by registered post, provided that the Issuer shall not be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Holders for the purposes of all cheques posted in terms of this Condition 5(c) (Payments).

- (d) If the due date for payment of any amount in respect of the Bonds is not a Business Day, then the Holder thereof shall not be entitled to payment of the amount due until the following Business Day unless the day falls in the next calendar month, in which case the due date will be the immediately preceding day that is a Business Day, and the Holder shall not be entitled to any further Coupon, return or other payment in respect of any such delay. For the purpose of this Condition, “Business Day” means any day, other than a Saturday, Sunday or a Federal Government declared public holiday, on which banks are open for business in the Federal Republic of Nigeria and in the case of transfer to or from an account held by a non-resident Investor, in the place where such bank account is maintained.
- (e) All payments of all amounts (whether in respect of principal, Coupon or otherwise) due and payable in respect of any Bonds shall be made by the Trustees or the Registrars (if so instructed by the Trustees) from the Designated Accounts on behalf of the Issuer.
- (f) Interpretation of the Principal Amount:
 - (i) Any reference in the General Conditions to the Principal Amount in respect of the Bonds shall be deemed to include, as applicable, any additional amounts which may be payable with respect to the Principal Amount under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Programme Trust Deed:
 - (a) the Final Redemption Amount of the Bonds;
 - (b) the Early Redemption Amount of the Bonds;
 - (c) the Optional Redemption Amount(s) (if any) of the Bonds;
 - (d) in relation to Bonds redeemable in instalments, the Instalment Amounts; and
 - (e) any premium and any other amounts (other than Coupon) which may be payable by the Issuer under or in respect of the Bonds.

6. TRANSFER OF BONDS

(a) Transfer of Bonds

All Bonds issued pursuant to the Programme Trust Deed shall be transferable subject to the provisions for registration of transfers contained therein.

Any Person becoming entitled to registered Bonds in consequence of the death or liquidation of the Holder of such Bonds may, upon producing evidence to the satisfaction of the Issuer that he holds the position in respect of which he proposes to act under this Condition 6 (Transfer of Bonds) or of his title as the Issuer shall require, be registered himself as the Holder of such Bonds or, subject to any procedure/requirements the Issuer shall require and the provisions on transfer, may transfer such Bonds.

The Register shall be maintained at the offices of the Registrar and the Registrar shall provide for the registration of any Bonds with respect to each Tranche or Series of Bonds or its transfer under such reasonable regulations as the Registrar with the approval of the Issuer and the Trustees may prescribe.

The Register shall reflect the number of registered Bonds issued and Outstanding, the date upon which each of the Holders was registered as such. The Register shall contain the name, address, and bank account details of the Holders of the registered Bonds. The Register shall set out the Nominal Amount of the Bonds issued to such Holders and shall show the date of such issue. The Register shall be open for inspection during the normal business hours of the Registrar to any Holder or any person authorised in writing by any Holder.

Each Tranche or Series shall be registered in the applicable Register. Any transfer of Bonds represented by a Certificate shall be effective only to the extent that such transfer is registered in the Register, by the Holder or transferee thereof in person or by his attorney duly authorised in writing, upon presentation and surrender of the Certificate (if the Bonds are issued in physical form) together with a written instrument of transfer in a form satisfactory to the Registrar duly executed by or on behalf of the registered Holder and the transferee by a duly authorised attorney. Upon surrender of the aforesaid documents to facilitate the registration of transfer of Bonds, the Registrar shall if the above stated conditions are met, register such transfer, and deliver a new Certificate (if any) to the transferee as appropriate.

The transfer of Bonds in dematerialised (book entry) form shall be regulated by the CSD procedures and guidelines.

The Register shall be closed during such periods, not exceeding an aggregate of thirty (30) days in any year.

(b) Prohibition on Stripping

Where so specified in the Supplementary Shelf Prospectus/Pricing Supplement, Bonds which shall be issued subject to the condition that the relevant Bonds (including rights to Instalment Amounts and/or Coupon thereon, as applicable) may only be transferred to a single transferee at a time and accordingly that the various rights in respect of such Bonds may not be stripped and transferred to various transferees at different times.

Stripping of Bonds is otherwise permitted.

7. TAXATION

- (a) Pursuant to the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011, ("CIT Order"), and the Value Added Tax (Exemption of Proceeds of Disposal of Government and Corporate Securities) Order 2011, ("VAT Order"), corporate bonds are exempted from taxes ordinarily imposed under the Companies Income Tax Act and as well as from the imposition of Value Added Tax respectively, for a period of ten (10) years from the date the orders became effective (being January 2, 2012). This is subject to VAT payable on commissions payable to the SEC, NSE and the CSD for stock exchange transactions, following the expiration of the Value Added Tax (Exemption of Commissions on Stock Exchange Transactions) Order, 2014. Furthermore, by virtue of the Personal Income Tax (Amendment) Act 2011, corporate bonds are also exempt from personal income tax. Therefore, all amounts payable under the Bonds will be paid without deduction or withholding for or on account of any income tax. Thus, the Issuer will not be required by law to withhold tax on Coupon payments to the Holders. In relation to Bonds with a maturity date later than January 2, 2022, the Issuer may be required by law, to withhold tax on Coupon payments to the Holders, where the CIT Order is not extended.

- (b) The relevant Series Trust Deed will indicate the tax consequences of investment in the relevant Series or Tranche of Bonds.
- (c) Condition 7(a) is not intended to be, and should not be construed to be tax advice to any prospective investor of the Bonds. Any prospective investor who is in any doubt as to his/her tax position or who is subject to taxation in any jurisdiction other than Nigeria should consult his/her own professional advisers without delay as to the consequences of an investment in the Bonds in view of his/her own circumstances.

8. PRESCRIPTION

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within six (6) years from the appropriate Relevant Date in respect of the Principal and Coupon.

As used in these General Conditions, "Relevant Date" in respect of any payment means the date on which such payment first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven (7) days after that on which notice is duly given to the Holders that such payment will be made.

9. EVENTS OF DEFAULT

Upon the happening of any of the following events ("Events of Default"), the Issuer shall forthwith notify all the Holders and the Trustees. The Trustees at their discretion may, and if so requested in writing by Holders of at least one-tenth in principal amount of the Bonds of the relevant Series then outstanding, or if so directed by a Special Resolution of the Holders of the Bonds of the relevant Series, shall give written notice to the Issuer at its specified office, effective upon the date of receipt thereof by the Issuer, that an Event of Default has occurred and that the Bonds are immediately due and repayable, whereupon the Early Redemption Amount (if any) of the Bonds together with any accrued interest to the date of payment shall become immediately due and payable:

- (i) Non-Payment: default is made in the payment on the due date of the Principal Amount in respect of the Bonds or on the Notes and such default continues for a period of seven (7) Business Days; or
- (ii) Non-Payment of Coupon: default is made in the payment on the due date of Coupon in respect of the Bonds; and such default continues for a period of seven (7) Business Days; or
- (iii) Breach of Other Obligations: the Issuer does not perform or comply with any one or more of its other obligations in the Bonds or the Programme Trust Deed which default is incapable of remedy, or is not remedied within thirty (30) days after written notice of such default shall have been given to the Issuer by the Trustees at their specified office; or
- (iv) Cross-Default: (A) any other present or future indebtedness of the Issuer for or in respect of monies borrowed or raised becomes due and payable prior to its stated maturity by reason of any default on the part of the Issuer or the Sponsor, or (B) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (C) the Issuer or the Sponsor fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any monies borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of one or more of the events mentioned above in this paragraph (iv) have occurred and equals or exceeds N1,000,000,000.00 (One Billion Naira); or
- (v) Enforcement Proceedings: a distress, attachment, execution or other legal process is levied, enforced or commenced against the property, assets or revenues of the Issuer or Sponsor,

where the value of such property, assets or revenue exceeds N1,000,000,000.00 (One Billion Naira), and such distress, attachment, execution or other legal process is not discharged or stayed within one hundred and eighty (180) days; or

- (vi) Release of Sponsor: if there shall be any release of the Sponsor from its obligations under this Deed, the Notes or any of the Programme Documents, other than in accordance with this Deed, including any release by operation of law, or any failure by the Sponsor to make payment when demanded by the Trustees in accordance with the Programme Documents; or
- (vii) Event of Default under the Master Notes Issuance Agreement: if there shall be an occurrence of an event of default under the Master Notes Issuance Agreement; or
- (viii) Security Enforced: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or Sponsor over a material part of the Issuer's property, assets or revenues, becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person); or
- (ix) Insolvency: the Issuer or the Sponsor is, or is deemed by law or a Court to be insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or Sponsor; or
- (x) Winding-up: an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or the Sponsor, or the Issuer or the Sponsor shall apply or petition for a winding-up or administration order in respect of itself or ceases or through an official action of its board of Directors threatens to cease to carry on all or a substantial part of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustees or by a Special Resolution of the Holders; or
- (xi) Failure to take action: any action, condition or thing (including the obtaining of any consent, license, approval or authorisation) now or hereafter necessary to enable the Issuer and/or the Sponsor to comply with their obligations under the Programme Trust Deed for the issuance of the Bonds is not taken, fulfilled or done, or any such consent, license, approval or authorisation shall be revoked, modified, withdrawn or withheld or shall cease to remain in full force and effect, resulting in the Issuer and/or the Sponsor being unable to perform any of their obligations in terms of the Bonds or the Programme for the issuance of the Bonds for a period of two (2) weeks after the date on which written notice of such failure, requiring same to be remedied shall have been given to the Issuer and/or the Sponsor by the Trustees.

Provided that if the failure is one which can be remedied but cannot be completely remedied within the two (2) weeks after written notice has been given, it shall not be an Event of Default with respect to such Series as long as the Issuer and/or the Sponsor has taken active steps within the two (2) weeks after such written notice has been given to remedy the failure and is diligently pursuing such remedy; or

- (xii) Material Adverse Effect: Upon the occurrence of an event with a Material Adverse Effect; or
- (xiii) Nationalisation: any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or the Sponsor.

10. ENFORCEMENT

- (a) The Trustees may, at any time, at their discretion and without notice institute such proceedings as they think fit to enforce their rights under the Trust Deed in respect of the Bonds of a relevant Series including the repayment of the Bonds at any time after the Bonds shall have become repayable under the terms of issue (including pursuant to Condition 9 (Events of Default)), but shall not be bound to do so unless:
 - (i) they have been so requested in writing by the Holders of not less than one-tenth in principal amount of the outstanding Bonds of a relevant Series or has been so directed by a Special Resolution passed at a meeting of the Holders convened in accordance with clause 1.2 of Schedule 1 of this Deed; and
 - (ii) they have been indemnified, prefunded and/or secured to their satisfaction.
- (b) No Holder shall be entitled to proceed directly against the Issuer to enforce the provisions of the Trust Deed unless the Trustees having become bound so to proceed, fail so to do within fourteen (14) Business Days and the failure shall be continuing, in which case the Holder, shall have only such rights against the Issuer as those which the Trustees are entitled to exercise.
- (c) The Trustees or the Holders shall be entitled to all remedies available under the law for the recovery of amounts owing in respect of the Bonds or under the Trust Deed.
- (d) The Trustees shall also file a notice of any default and remedies being pursued with the SEC within ten (10) days of becoming aware of the occurrence of an Event of Default.
- (e) If the Floating Rate Bonds or Index Linked Coupon Bonds of any Series become immediately due and repayable under Condition 9 (Events of Default) the rate and/or amount of coupon payable in respect of them will be calculated by a calculation agent (where so specified in the applicable Supplementary Shelf Prospectus/Pricing Supplement) (the "Calculation Agent") 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 Coupon Period during which the Bonds of the relevant Series become so due and repayable mutatis mutandis in accordance with the provisions of Condition 11 (Coupon and Other Calculations) except that the rates of Coupon need not be published.
- (f) Upon the occurrence of an Event of Default, the Trustees shall at their discretion be entitled to liquidate the Designated Accounts and or Permitted Investments for the payment of the amounts outstanding on the Bonds, provided however that the Trustees shall only be obliged to distribute to the Holders up to the extent of such amounts as they realise from the Designated Accounts or disposal of the Permitted Investments and such amounts shall be applied to meet the obligations of the Issuer in accordance with the Programme Trust Deed and the applicable Series Trust Deed.
- (g) Upon the occurrence of an Event of Default under the Master Notes Issuance Agreement, the Trustees may be entitled to proceed directly against the Sponsor in respect of the resulting amount due and payable by the Sponsor under the Notes.

11. COUPON AND OTHER CALCULATIONS

If the Supplementary Shelf Prospectus/Pricing Supplement so specifies, the Bonds of any Tranche will bear Coupon from the Coupon Commencement Date at the Coupon Rate(s) specified in, or determined in accordance with, the Supplementary Shelf Prospectus/Pricing Supplement and such Coupon will be payable in respect of each Coupon Period on the Coupon Payment Date(s) specified in the Supplementary Shelf Prospectus/Pricing Supplement. The Coupon payable on the Bonds of

any Series or Tranche for a period other than a full Coupon Period shall be determined in accordance with the Supplementary Shelf Prospectus/Pricing Supplement.

(a) Coupon on Fixed Rate Bonds

Coupon on Fixed Rate Bonds will be paid on the Coupon Payment Dates specified in the Supplementary Shelf Prospectus/Pricing Supplement.

Accrual of Coupon

The Bonds shall bear Coupon from the Coupon Commencement Date at the Coupon Rate payable in arrears on each Coupon Payment Date, subject as provided in Condition 5 (Payments). Each Bond will cease to bear Coupon from the relevant Coupon Termination Date.

Fixed Coupon Amount

The Coupon Amount payable in respect of each Bonds for any Coupon Period shall be the relevant Fixed Coupon Amount and, if the Bonds are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

Calculation of Coupon Amount

The amount of coupon payable in respect of each Bond for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Coupon Rate to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the specified currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the specified denomination of such Bond divided by the Calculation Amount, provided that:

- (i) if an Initial Broken Amount is specified in the Supplementary Shelf Prospectus/Pricing Supplement, then the first Coupon Amount shall equal the Initial Broken Amount specified in the Supplementary Shelf Prospectus/Pricing Supplement; and
- (ii) if a Final Broken Amount is specified in the Supplementary Shelf Prospectus/Pricing Supplement, then the final Coupon Amount shall equal the Final Broken Amount specified in the Supplementary Shelf Prospectus/Pricing Supplement.

(b) Coupon on Floating Rate Bonds and Indexed Linked Coupon Bonds

Accrual of Coupon

The Bonds shall bear Coupon from the Coupon Commencement Date on the outstanding nominal amount at the Coupon Rate payable in arrears on each Coupon Payment Day, subject as provided in Condition 5 (Payments). Each Bond will cease to bear Coupon from the Coupon Termination Date.

Floating Coupon Rate

The Floating Coupon Rate which is applicable to a Series or Tranche of Floating Rate Bonds for a Coupon Period will be determined in the manner specified in the relevant Supplementary Shelf Prospectus/Pricing Supplement.

Indexed Coupon

If the Indexed Coupon Bond provisions are specified in the Supplementary Shelf Prospectus/Pricing Supplement as being applicable, the Coupon Rate(s) applicable to the Bonds for each Coupon Period will be determined in accordance with the manner specified in the Supplementary Shelf Prospectus/Pricing Supplement.

Maximum and/or Minimum Coupon Rate

If the Supplementary Shelf Prospectus/Pricing Supplement specifies a Maximum Coupon Rate for any Coupon Period, then the Coupon Rate for such Coupon Period shall in no event be greater than such Maximum Coupon Rate and/or if it specifies a Minimum Coupon Rate for any Coupon Period, then the Coupon Rate for such Coupon Period shall in no event be less than such Minimum Coupon Rate.

Determination of Floating Coupon Rate and Calculation of Coupon Amount

The Trustees, in the case of Floating Rate Bonds will, at or as soon as practicable after each time at which the Coupon Rate is to be determined in relation to each Coupon Period, procure the calculation of or calculate the Coupon Amount payable in respect of each Bonds for such Coupon Period. The Coupon Amount will be calculated by applying the Coupon Rate for such Coupon Period to the Calculation Amount and multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the specified currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the specified denomination of the relevant Bond divided by the Calculation Amount.

Calculation of Other Amounts

If the Supplementary Shelf Prospectus/Pricing Supplement specifies that any other amount is to be calculated (by the Calculation Agent, if any), the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the Supplementary Shelf Prospectus/Pricing Supplement.

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The Calculation Agent, if any, will cause each Coupon Rate determined by it, together with the relevant Coupon Payment Date, and any other amount(s) required to be determined by it, together with any relevant payment date(s) to be notified to the Issuer, the Trustees, any Exchange on which the relevant Floating Rate Bonds are for the time being listed, as soon as possible after their determination and in any event not later than the later of the day that is three (3) Business Days before the relevant Coupon Payment Date and the relevant Coupon Determination Date for that Coupon Period. Notice thereof shall also promptly be given to the Holders in accordance with Condition 13 (Notices).

Each Coupon Rate determined by the Calculation Agent, together with the relevant Coupon Payment Date, and any other amount(s) required to be determined by it, together with any relevant payment date(s) shall be made available to the Holders in respect of any unlisted Floating Rate Bonds promptly upon request.

The Calculation Agent will be entitled to recalculate any Coupon Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Coupon Period. Any such amendment will be promptly notified to the Issuer, the Trustees and to the Holders in accordance with Condition 13 (Notices) and, the relevant Exchange where the Tranche of Bonds is listed. If the Calculation Amount is less than the minimum Specified Denomination, the Calculation Agent shall not be obliged to publish each Coupon Amount but

instead may publish only the Calculation Amount and Coupon Amount in respect of a Bond having the minimum Specified Denomination.

(c) Coupon on Mixed Rate Bonds

The Coupon Rate payable from time to time on Mixed Rate Bonds shall be the Coupon Rate payable on any combination of Fixed Rate Bonds or Floating Rate Bonds, or Indexed Bonds for respective periods, each as specified in the Supplementary Shelf Prospectus/Pricing Supplement. During each such applicable period, the Coupon Rate on the Mixed Rate Bonds shall be determined and fall due for payment on the basis that and to the extent that such Mixed Rate Bonds are Fixed Rate Bonds, Floating Rate Bonds or Zero-coupon Bonds, or Indexed Bonds, as the case may be.

(d) Coupon on Partly Paid Bonds

In the case of Partly Paid Bonds, coupon will accrue on the paid-up Nominal Amount of such Bonds and otherwise as specified in the Supplementary Shelf Prospectus/Pricing Supplement from the Coupon Commencement Date to the Coupon Termination Date.

(e) Coupon on Instalment Bonds

In the case of Instalment Bonds, Coupon will accrue on the amount outstanding on the relevant Bonds from time to time and otherwise as specified in the Supplementary Shelf Prospectus/Pricing Supplement from the Coupon Commencement Date to the Coupon Termination Date.

(f) Coupon on Unpaid Amounts

Each Bond (or in the case of the redemption of part only of a Bond, that part only of such Bond) will cease to bear coupon (if any) from the Coupon Termination Date. If on the date of redemption and upon due presentation of the Bond, payment of principal is improperly withheld or refused, coupon shall accrue at the rate specified in the Supplementary Shelf Prospectus/Pricing Supplement from the date on which such amount is due and payable until the date on which all amounts due in respect of such Bonds have been paid.

- (g) 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.

(h) Margin, Maximum/Minimum Rates of Coupon, Instalment Amounts and Redemption Amounts Rate Multipliers and Rounding

- (i) If any Margin or Rate Multiplier is specified in respect of the Bonds (either (i) generally, or
- (ii) in relation to one or more Coupon Accrual Periods), an adjustment shall be made to all

Rates of Coupon, in the case of (i), or the Rates of Coupon for the specified Coupon Accrual Periods, in the case of (ii), calculated in accordance with Condition 11(d) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.

- (ii) If any Maximum or Minimum Rate of Coupon, Instalment Amount or Redemption Amount is specified in respect of the Bonds, then any Rate of Coupon, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified): (i) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up); (ii) all figures shall be rounded to seven significant figures (with halves being rounded up); and (iii) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up. For these purposes, “unit” means the lowest amount of such currency that is available as legal tender, in the country of such currency.

(i) Calculations

The Coupon payable in respect of any Bonds for any Coupon Accrual Period shall be calculated by multiplying the product of the Rate of Coupon and the calculation amount as specified in the applicable Supplementary Shelf Prospectus/Pricing Supplement (“the Calculation Amount”) by the Day Count Fraction for such Coupon Accrual Period, unless a Coupon Amount (or formula for its calculation) is specified in respect of such Coupon Accrual Period, in which case the Coupon Amount payable per Calculation Amount in respect of such Bonds for such Coupon Accrual Period shall equal such Coupon Amount (or be calculated in accordance with such formula). Where any Coupon Period comprises two or more Coupon Accrual Periods, the Coupon Amount payable per Calculation Amount in respect of such Coupon Period shall be the sum of the Coupon Amount payable in respect of each of those Coupon Accrual Periods. In respect of any other period for which Coupon is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which Coupon is required to be calculated.

“Day Count Fraction” means, in respect of the calculation of an amount of Coupon on Bonds of a Series for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting a Coupon Period or latest Accrual Period, the “Calculation Period”):

- (i) if “Actual/365” or “Actual/Actual-ICMA” is specified in respect of the Bonds, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that 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 specified in respect of Bonds of a Series, the actual number of days in the Calculation Period divided by 365;
- (iii) if “Actual/360” is specified in respect of Bonds of a Series, the actual number of days in the Calculation Period divided by 360;
- (iv) if “30/360”, “360/360” or “Bonds Basis” is specified in respect of the Bonds, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day

of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);

- (v) if “30E/360” is specified in respect of the Bonds, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);

and

- (vi) if “Actual/Actual” is specified in respect of the Bonds:

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and (b) if the Calculation Period is longer than one Determination Period, the sum of: (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“Coupon Accrual Period” means the period beginning on (and including) the Coupon Commencement Date and ending on (but excluding) the first Coupon Period Date and each successive period beginning on (and including) a Coupon Period Date and ending on (but excluding) the next succeeding Coupon Period Date.

“Coupon Amount” means

- (i) in respect of a Coupon Accrual Period, the amount of Coupon payable per Calculation Amount for that Coupon Accrual Period and which, in the case of Fixed Rate Bonds, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Coupon Payment Date ending the Coupon Period of which such Coupon Accrual Period forms part; and
- (ii) in respect of any other period, the amount of Coupon payable per Calculation Amount for that period.

“Coupon Determination Date” means, with respect to a Rate of Coupon and Coupon Accrual Period, the date specified as such in respect of the Bonds.

“Coupon Period Date” means each Coupon Payment Date unless otherwise specified in the Supplementary Shelf Prospectus/Pricing Supplement.

“Coupon Rate” or “Rate of Coupon” means the rate of interest payable from time to time in respect of Coupon bearing Bonds of a Series or Tranche and that is either specified or calculated in accordance with the provisions in respect of such Bonds.

“Determination Date” means the date specified in respect of the Coupon of a Series or, if none is so specified, the Coupon Payment Date.

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date.

12. REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and/or Registrar may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13. NOTICES

(a) Notices to the Holders

All notices to the Holders will be valid if mailed to them at their respective addresses of record in the relevant register of Bonds of a Series maintained by the Registrar. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the SEC Rules and the rules and regulations of any securities exchange or other relevant authority on which the Bonds are for the time being listed. Any notice shall be deemed to have been given in the case of a notice of meeting at the expiration of seven (7) days after the mail containing same is posted and in any other case at the expiration of five (5) days following the date on which the notice was posted or on the date of publication in national newspapers, or if published more than once or on different dates, on the date of the first publication. Where a notice is served personally or sent by courier, it shall be deemed to have been duly given or made at the time of actual receipt. Where a notice is sent by electronic mail transmission, it shall be deemed to be duly given or made upon receipt of an electronic mail from the recipient, confirming that the said notice has been duly received or upon receipt of an electronic mail confirming that the said electronic mail has been read by the recipient provided that in the case of any electronic mail transmission sent after 4.30 pm, it shall be deemed to have been duly received on the next Business Day.

A meeting of the Holders may be called by giving not less than twenty-eight (28) days' notice in writing if consent is accorded thereto by Holders holding not less than seventy-five per cent (75%) of the nominal amount of the Bonds for the time being outstanding.

(b) Notices from the Holders

Notices to be given by any Holder shall be in writing and given by lodging the same, together with the relevant Certificate (if any), with the Registrar.

14. MEETINGS OF HOLDERS

The Programme Trust Deed contains provisions for convening meetings of Holders to consider any matter affecting their interests, including the sanctioning by a Special Resolution of a modification of any of these General Conditions.

The quorum for any meeting convened to consider a Special Resolution shall be two (2) or more persons holding or representing by proxy in the aggregate not less than 75% of the Nominal Amount of the Bonds held by the applicable class for the time being outstanding.

Any Special Resolution duly passed shall be binding on Holders (whether or not they were present at the meeting at which such resolution was passed).

15. ENTITLEMENT AND INDEMNIFICATION OF THE TRUSTEES

In connection with the exercise of its functions (including but not limited to those referred to in this Condition), the Trustees shall have regard to the interests of the Holders as a class and shall not have regard to the consequences of such exercise for individual Holders and the Trustees shall not be entitled to require, nor shall any Holder be entitled to claim, from the Issuer, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders.

The Programme Trust Deed contains provisions for the indemnification of the Trustees and for its relief from responsibilities. The Programme Trust Deed also contains provisions pursuant to which the Trustees are entitled, inter alia, (i) to enter into business transactions with the Issuer and to act as trustees for the Holders of any other securities issued or guaranteed by, or relating to, the Issuer, (ii) to exercise and enforce their rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interest of, or consequence for, the Holders and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

16. TRUST PROVISIONS

(a) Declaration of Trust

All monies or Assets received by the Trustees in respect of the Bonds or amounts payable under the Trust Deed shall, despite any appropriation of all or part of them by the Issuer, be held by the Trustees in trust to apply them in accordance with the provisions of the Trust Deed.

(b) Representative of Holders

The Trustees are the representative of the Holders and are authorised to act on behalf of the Holders in accordance with the General Conditions and the Trust Deed and are hereby further authorised to contact the Registrar and/or the CSD for the purposes of obtaining information: (i) as to the aggregate nominal amount outstanding of any Series of Bonds; (ii) relating to the identity of Holders; and (iii) for the purposes of giving notices to Holders under Condition 13 (Notices).

(c) Binding Effect of the Conditions and the Trust Deed

The Holders are deemed to have accepted and will be bound by the General Conditions and the terms of the Trust Deed.

17. MODIFICATION OF THE TRUST DEED

The Trustees may agree with the Issuer, without the consent of the Holders but subject to the prior review and approval of the SEC, to (i) any modification of any of the provisions of the Trust Deed which is in the opinion of the Trustees of a formal, minor or technical nature or is made to correct a manifest error, and (ii) 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 provisions of the Trust Deed which is in the opinion of the Trustees not materially prejudicial to the interests of the Holders. PROVIDED THAT such consolidation, modification, alteration or addition does not prejudice the interests of the Holders and that such consolidation, modification, alteration or addition does not operate to release the Trustees, the Sponsor or the Issuer from any responsibility to the Holders.

The Issuer will not, without the prior written consent of the Trustees or a Special Resolution of the Holders, agree to any amendments to or any modification of, or waiver of, or authorise any breach or proposed breach of, the terms of any outstanding Notes and will act at all times in accordance

with any instructions of the Trustees from time to time with respect to any outstanding Notes. Any such amendment, modification, authorisation or waiver shall be binding on the Holders and, if the Trustees so require, such modification shall be notified to the Holders, as soon as practicable in accordance with Condition 13 (Notices).

No such consolidation, modification, alteration or addition shall impose any further payment on the Holders in respect of the Bonds held by them or any liability in respect thereof.

18. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Holders to create and issue further Bonds, subject to the Programme Limit (the “Additional Bonds”), having terms and conditions which are identical to any of the other Bonds already issued under the Programme (the “Existing Bonds”) or the same in all respects save for their respective Issue Prices, Coupon, Issue Dates and aggregate Nominal Amounts, so that the Additional Bonds shall be consolidated by the Issuer to form a single Series with the Existing Bonds as may be applicable.

19. GOVERNING LAW

The provisions of these General Conditions and the Bonds are governed by, and shall be construed in accordance with, the laws of the Federal Republic of Nigeria. The Issuer has agreed for the benefit of the Trustees and the Holders that the courts of Nigeria are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Trust Deed, the Bonds and/or the Coupons or any non-contractual obligation arising out of or in connection with them.

12. TAX CONSIDERATION

Please note that this information about the tax exempt status of Bonds and income accruing there from is meant to serve only as a guide and should not be considered as or deemed to be tax advice which can be acted upon by an investor. Investors are advised to seek specific tax advice regarding investment in the Bonds from their professional tax advisers.

Under current legislation in Nigeria, the tax consequences of an investment in the Bonds to be issued under the Programme 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 respectively. The Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order 2011 and the Value Added Tax (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011 became effective on January 2, 2012 and the exemptions thereunder are valid for a period of ten (10) years while the exemption under the PIT (Amendment) Act 2011 is for an indefinite duration.

Where the maturity of the Bonds exceeds 2 January, 2022, treatment of withholding tax for periods exceeding 2 January 2022 will be stated in the Pricing Supplement. The proceeds of the disposal of the Bonds after January 2, 2022 will be subject to VAT

In addition, Bondholders will benefit from the waiver with respect to Capital Gains Tax in the event that the ten (10) year Capital Gains Tax waiver approved by the Federal Government in March 2010 becomes effective during the life of the Bonds.

Commissions payable to the Central Securities and Clearing System PLC, the SEC, FMDQ or the NSE in connection with the Bonds shall be subject to VAT

13. MACRO-ECONOMIC OVERVIEW OF NIGERIA

Introduction

The Federal Republic of Nigeria ("Nigeria" or the "Country") is located in the West African Sub region of Africa occupying a land area of c.923.777 square kilometres. With an estimated population of over 195 million people, Nigeria is the most populous country in Africa and ranks 7th in the world. The country's population is forecast to grow at an average of 2.75% annually with its total population expected to reach 230 million by 2025. The NBS also estimates a labour force of 89.51 million with an average life expectancy of 55 years, according to the United Nations Population Fund (UNFPA).

As at 2019, the country boasts a nominal Gross Domestic Product (GDP) of approximately US\$400 billion making it the largest economy in Africa and 30th in the world. Nigeria has the 9th largest proven crude oil and natural gas reserves in the world and consequently relies heavily on oil as its main source of government revenues and foreign exchange earnings. According to OPEC, Nigeria is the fourteenth largest oil producing country globally. Nigeria is also a significant exporter of cocoa, rubber and cassava, in addition to other significant natural resources.

The conclusion of the 2019 general elections lifted the political burden that weighed immensely on Nigeria's investment potential. Political continuity for President Muhammadu Buhari has led to sustained implementation of previously enacted policies to stimulate growth and improve the overall domestic economic environment.

The table below provides a summary of Nigeria's key economic indicators:

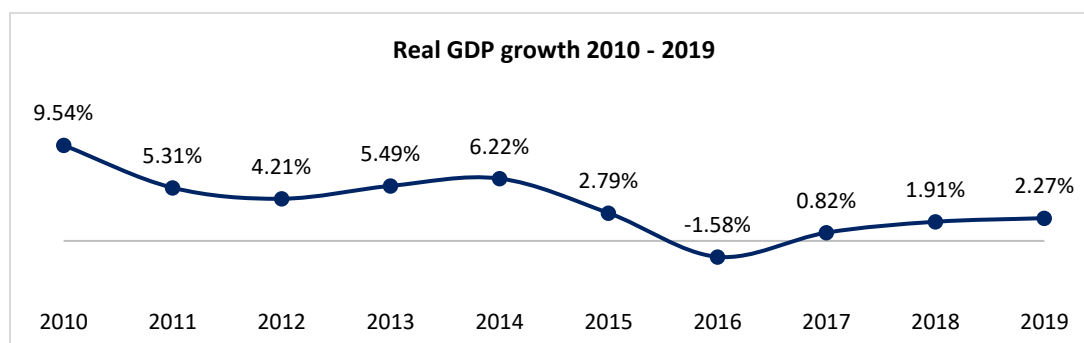
| Economic indicators | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-------|-------|-------|-------|-------|--------------------|
| Nominal GDP (US\$, bn) | 568 | 495 | 405 | 376 | 397 | 400 |
| Real GDP growth (YoY ¹ , %) | 6.22 | 2.79 | -1.58 | 0.82 | 1.91 | 2.27 |
| Population | 176 | 181 | 186 | 191 | 196 | 201 ³ |
| Inflation (YoY ¹ average) | 8.05 | 9.01 | 15.70 | 16.50 | 12.10 | 11.40 |
| Oil Production (thousands bpd ²) | 2,188 | 2,119 | 1,831 | 1,890 | 1,922 | 2,028 ³ |
| Exchange rate (USD/NGN), average | 172 | 227 | 381 | 398 | 362 | 361 |

Source: Central Bank of Nigeria (CBN), Nigeria Bureau of Statistics (NBS), International Monetary Fund (IMF), World Bank, Bloomberg, Nigeria National Petroleum Corporation (NNPC)

Notes

1. YoY – Year on Year
2. bpd – barrels per day
3. Figures are based on estimates across the respective indicators

Gross Domestic Product (GDP)



Following the 2008-2009 global financial crises, the economy sustained a strong growth path in the early part of the last decade (2010 – 2014) driven by a booming crude oil price and domestic production of crude oil on which the economy is highly dependent.

Between 2010 and 2014, Nigeria's GDP grew at an average rate of 6.14%. Following the oil price collapse in 2014-2016, combined with militant attacks on oil and gas infrastructure in the Niger Delta region, detrimental economic policies, including foreign exchange restrictions, the GDP growth rate dropped to 2.79% in 2015. In 2016 during its first recession in 25 years, the economy contracted by 1.58%.

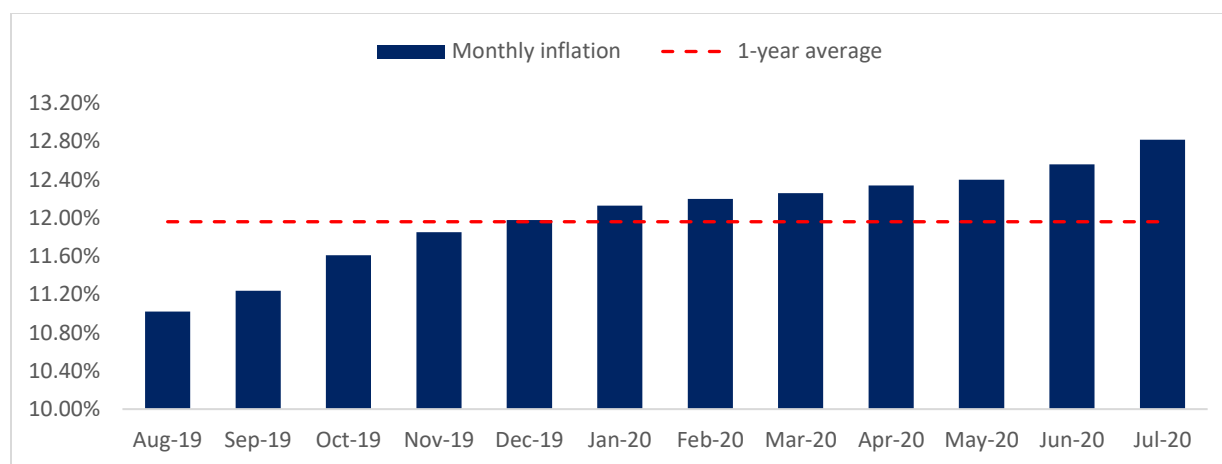
GDP growth turned positive in 2017 as oil prices recovered and output stabilized. Economic recovery through 2018 and 2019 has been supported by growth in oil exports and the positive impact of increased foreign exchange liquidity on the non-oil sector. In addition, growth has also been buoyed by the development and implementation of the Economic Recovery and Growth Plan (ERGP) which has focused on economic diversification, infrastructure development, amongst others, which are expected to drive more robust growth and sustainable near-term growth. According to the NBS, each quarter in 2019 grew by at least 2.00% compared to corresponding quarters in 2018. This culminated in a 2.27% GDP growth in 2019, representing the highest economic growth recorded since 2015.

The rapid spread of COVID-19 has clearly altered global economic outlook for 2020. The pandemic has catalysed shutdown across economies with negative feedback effects on global trade and mobility, economic output and oil prices. In response to the collapse in crude oil prices, OPEC members and some non-OPEC nations including Russia, eventually agreed on an oil production cut agreement in April 2020 after a destructive oil price war sent oil prices to multi-year lows. The domestic economy is not immune to the impact of deteriorating global macros and collapse of major commodity prices. The Nigerian economy is expected to enter a recession in 2020 on drawback in both oil and non-oil GDP components. Outlook for oil sector is depressed due to the OPEC+ production cut agreement which capped Nigeria's oil production below 1.41mb/d between May and July 2020 and 1.50mb/d between August and December. The non-oil sector is also expected to contract, as a result of weak foreign exchange liquidity and supply chain distributions.

Nevertheless, we believe there is a strong prospect of rebound in economic activities in 2021, enabled by strong fiscal and monetary responses to limit the downside risks of the pandemic on business and households, as well as gradual reopening of the economy. The federal government has unveiled the Nigerian Economic Sustainability Plan (NESP) to support the economy with N2.3tn or 1.5% of GDP. The CBN has also announced different stimulus measures, which could be estimated at N3.5tn or 2.4% of GDP. In addition, the government has gradually lifted lockdown restrictions since May, while the COVID-19 infection curve has begun to subside. A couple of fiscal reforms and policies passed in early 2020 are expected to improve the macroeconomic environment as well as provide support for Federal Government revenues such as VAT increment to 7.5%, amendment of royalty payment structure in Deep Offshore and Inland Basin Production Sharing Contract and improved border regulation.

Inflation

Headline inflation rate in Nigeria was maintained at single digit figures from January 2013 to January 2016. This was supported by tight monetary policy, stable exchange rates and modest wage growth. Within this period, average yearly inflation stood at 8.49% in 2013, 8.05% in 2014 and 9.01% in 2015. However, the devaluation of the Naira in 2016 coupled with significant increase in consumer prices due to increase in power and fuel prices, impact of insurgency and insecurity in North Eastern Nigeria on food prices amongst others had an adverse effect on the Consumer Price Index (CPI). The CPI spiked to double digits of 11.38% in February 2016 and rose consecutively for 13 months, up to 18.72% in January 2017.



Declining food price inflation, weak consumer demand, a relatively stable exchange rate due to relative stability in the international oil market and tight monetary policy led to a sustained deceleration in CPI for the next 18 months from 17.78% in February 2017 to 11.14% in July 2018, eventually ending the year at 11.44% in December 2018.

In 2019, headline inflation rate averaged 11.40%. This marks a significant improvement compared to 2018 average of 12.10%. Significant increase recorded from October to December was primarily driven by increase in the food index as the effects of border closures weighed on food prices.

Recent headline inflation data in the last twelve months (from August 2019 to July 2020) represents consecutive increase in headline inflation. April to July 2020 inflation figures can be linked to supply-chain and transport challenges resulting from the closure of land borders to prevent smuggling, COVID-19 restrictions, as well as the liquidity challenges in the FX market.

Interest Rates

The official interest rate is the Monetary Policy Rate (MPR) and it serves as the benchmark interest rate in the market. The MPR is reviewed periodically by the Monetary Policy Committee (MPC) in response to prevailing liquidity conditions, hence, ensuring financial stability.

Despite the modest growth post-recession, the MPC had maintained the MPR at 14.00% until March 2019 when it was cut by 50 basis points to 13.50%, in response to muted inflationary pressures, stability in exchange rate and weak domestic growth. Following the benchmark interest rate cut in March 2019, the CBN also loosened its balance sheet policy with a structural change in the composition of the fixed income market, via a restriction in the sale of Open Market Operation (OMO) bills to non-bank domestic investors. The liquidity glut in the money market, created by the ban on OMO sale to non-bank domestic investors, forced the CBN to tighten liquidity at the January MPC meeting. Against expectation, the MPC raised the CRR by 500bps at the MPC meeting to 27.5% from 25.0%.

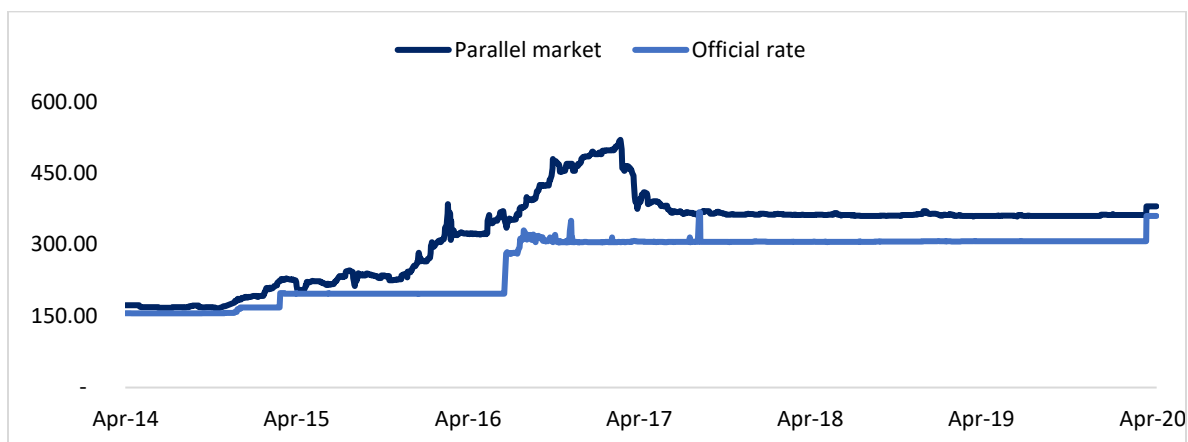
In July 2019, the CBN introduced a minimum loan-to-deposit ratio regulation, set at 60%, to encourage banks to lend to the real sector. Banks are to assign a weight of 150% to loans to SMEs, retail, mortgage and consumer lending, when computing the LDRs, in a bid to encourage lending to these sectors. The CBN will impose an additional cash reserve requirement (CRR) on banks that fail to meet the minimum LDR, which will be equivalent to 50% of the lending shortfall of the target LDR. In October 2019, the CBN increased the minimum loan to deposit ratio requirement to 65%. Furthermore, a new guideline for accessing the CBN's standing deposit facility was released in July 2019, wherein the remunerable daily placement by banks was capped at N2.0 billion.

Following the COVID-19 induced economic shock, the CBN made another benchmark interest cut in May 2020 by 100 basis points to 12.50%. The Cash Reserve Requirement (CRR) was retained at 27.5% while also retaining a liquidity ratio of 30%. The asymmetric corridor around the MPR was maintained at +200 and -500 basis points. The MPC however maintained the MPR at 12.50% at its June 2020 meeting, but lowered the interest rate on savings deposit to 10% of MPR from 30% in August 2020.

The CBN's policy bias will likely remain pro-growth in the short term, despite rising inflation expectation and increased FX shortages. Over the medium term, the CBN would likely reprice interest rates to a more fundamentally sustainable level.

Foreign Exchange

Nigeria's exchange rate relative to the US dollar has historically been very sensitive to fluctuations in the price of crude oil. Increasing crude oil prices in the past resulted in current account surpluses and the appreciation of the naira. Following significant decline in oil prices in 2014, pressure on the Naira increased, causing the CBN to adopt a number of defensive/corrective strategies such as devaluation of the Naira, in order to maintain the country's foreign reserves.



At the beginning of 2016, Nigeria operated a fixed exchange rate regime with the Naira fixed at ₦196.50 per dollar. However, large disparity between the official rate ₦197 – ₦199 per dollar and that of the parallel market ₦320 – ₦330 per dollar led to the adoption of a more flexible exchange rate policy as recommended by the MPC. In June 2016, the official rate moved to ₦279.50 per dollar.

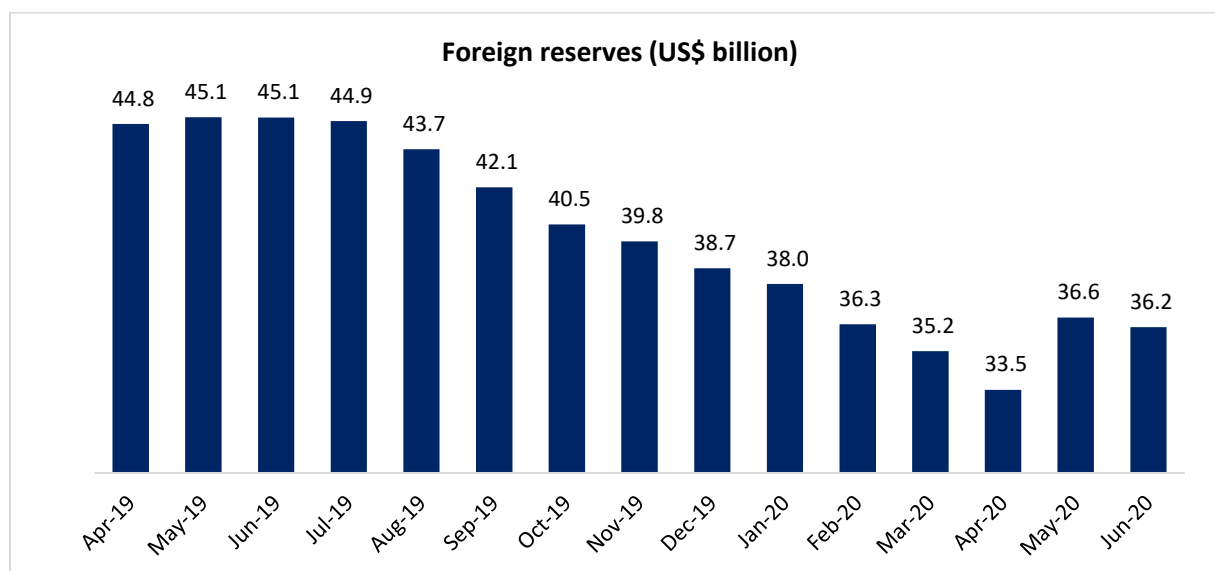
Despite the intended flexibility recommended by the MPC, the exchange rate regime remained largely rigid with official rate held unchanged at around ₦305.60 per dollar since April 2017 when the CBN introduced the investors and exporters window which helped to resolve about 24 months of currency market crisis. The USD/NGN traded range bound since the window was introduced up until the COVID-19 shock began in Q1-2020. The I&E Window rate depreciated to 386 from 360, while liquidity has weakened substantially in the window due to lack of flexibility by the regulator. The CBN also devalued official FX rate to 379 from 305 to ensure greater convergence with the I&E Window rate. However, the dollar trades at a substantial premium in the parallel market due to lack of liquidity and speculation. The currency trades within a band of ₦450 – ₦465 per dollar in the parallel market (as at 1 September 2020).

The CBN is expected to continue to favour maintaining the value of the local currency within a narrow band, with weekly intervention through the wholesale secondary market intervention sales (SMIS) and the small & medium enterprise (SMEs) and autonomous windows. More recently, the CBN announced plans to resume FX sale to the Bureaux-de-change (BDCs) segment. However, the CBN's stance and by extension

its ability to maintain the country's currency exchange rates will be tested in coming months, as the economy continues to reopen to travel and trade.

Foreign Reserves

As shown below, Nigeria's foreign reserves dropped by \$4.4 billion from \$43.1 billion recorded at the beginning of 2019 to \$38.7 billion in December 2019.



Historically, Nigeria's foreign reserves is dependent on crude oil earnings and inflow of foreign investments. Hence, movement in the foreign reserves is largely as a result of corresponding changes in value of oil traded (which is largely dependent on oil price) and changes in foreign investments.

The foreign reserves declined by c.US\$766.1 million between January and March 2019 corresponding to an average oil price of US\$63.64 per barrel within the same period. However, for the next four months between April and June, the reserves recorded an upward trend reaching a peak of c.US\$45.1 billion corresponding to an average oil price of US\$68.69 per barrel (with a peak price of US\$74.96 per barrel) within the same period. The upward trend in Q2-2019 was also supported by strong portfolio investment flows within the period.

From July to December 2019, the foreign reserves kept a downward trend eventually crossing the US\$40 billion mark in late November 2019 for the first time in almost two years. Within the same period global oil price experienced significant fluctuations with average oil price hovering around US\$62.30 (with a trough price of US\$56.66 per barrel). In addition, the continuous CBN interventions in the foreign exchange market to ensure exchange rate and price stability also contributed to this decline.

The foreign reserves have continued to decline in 2020 largely driven by the twin effects of depressed oil prices and capital outflows at the onset of the global pandemic in March 2020. External reserves reached a low of US\$33.4bn in April, but have rebounded to US\$35.6bn recently, thanks to the US\$3.4bn IMF Rapid Financing Instrument (RFI) disbursement to Nigeria and US\$288.5mn loan from the AfDB. Despite the aforementioned, the CBN continues to support liquidity in the foreign exchange market.

Foreign Direct Investments

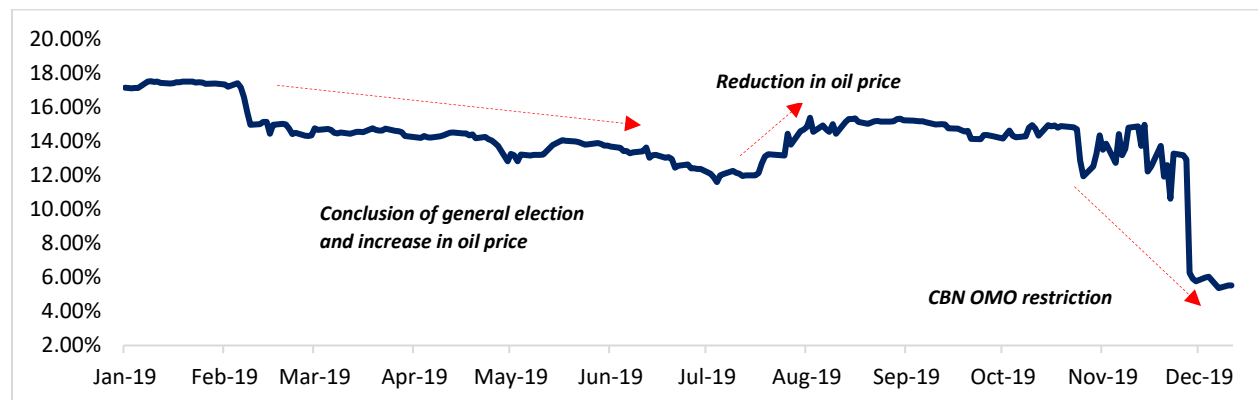
Foreign investments into Nigeria is categorized into three according to the NBS namely Foreign Portfolio Investments (FPI), Foreign Direct Investments (FDI) and Other Investments with the FPI consistently accounting for a larger share of foreign investments. The country recorded a drastic decline in FDI from its position as one of the top five host economies in Africa for FDI inflows with a value of US\$2.28 billion in 2014 to a low of US\$0.98 billion in 2017. The decline was as a result of the prolonged insecurity issues, widening infrastructural deficit, weak legal framework and bureaucratic hassles which dampened long term investment appetite.

The narrative however changed in 2018 as the FDI experienced an upturn with an estimated value of US\$1.19 billion with corresponding improvements in FPI to US\$11.80 billion (highest values since 2016). At the end of 2019, FDI was estimated at US\$0.93 billion with FPI being US\$16.37 billion.

Fixed Income Market

In 2019, activities in the fixed income market were driven by policy stance of central banks of the developed markets, the 2019 general elections, the oil market and the CBN Open Market Operations (OMO) policy.

Below is a chart of treasury bills rates in 2019:



In Q1-2019, the initial hawkish position of the US Federal Reserves (the “Fed”) deprived the market of significant FPI inflows largely till a period the Fed signalled a halt. Uncertainties surrounding the 2019 general elections further spiked funding rates. However, the success of the general elections and impressive performance of the oil market in Q2-2019 helped to contain further hikes in rates.

However, in October 2019, the CBN announced the exclusion of non-bank locals participation in OMO auction at both primary and secondary markets. This led to a drastic reduction in rates to single digits. Since the OMO ban, yields on Nigerian T-Bills and bonds have plummeted by 850bps and 313bps respectively compared to an average monthly change of 41 bps and 36 bps in the prior 6 months.

At its meeting in January 2020, the MPC raised the Cash Reserve Ratio (CRR) of Deposit Money Banks (DMBs) by 500 basis points to 27.5% in view of increased system liquidity from expected maturities in Federal Government securities. So far in 2020, interest rates have largely maintained the same trends as Q4-2019.

Credit Rating

Moody's Investors Service revised its credit rating on Nigeria from B2 with a stable outlook to B2 with a negative outlook in December 2019, citing further decline in already weak government finances given a narrow revenue base and persistently sluggish growth that hinders fiscal consolidation.

S&P Ratings, in its latest credit review of hydrocarbon exporting countries in March 2020, downgraded Nigeria's credit rating from B negative to B- with a stable outlook, on the significant contraction in crude oil prices and crude oil demand. Similarly, Fitch downgraded Nigeria's rating in April to B with a negative outlook from B+ with a negative outlook.

Reforms

The Federal Government introduced a raft of policies in the second half of 2019 directed at boosting productivity and long-term economic growth in line with the tenets of the ERGP.

In order to achieve its objectives, the Federal Government is focused on implementing the following reforms:

Stricter border security to bolster local productivity, steer economic growth:

In a bid to encourage local production of food and reduce the cost of petrol subsidy, the Federal Government closed Nigeria's land borders in August 2019, which had been notoriously porous and had undermined its import substitution drive. This has had a largely mixed impact on the economy. On the positive side, GDP figures in Q3-2019 suggests notable growth in the agriculture sector with an estimated 2.3% improvement compared to 1.9% in the same period in 2018 and manufacturing which recorded a 1.1% growth against a decline of 0.1% in Q2-2019. On the other hand, the border closure has also resulted in: surge in food prices, decline in importation of essential raw materials needed in manufacturing, disruption to Pan African businesses that rely on open trade channels to transact effectively, and the negative signal it sends about Nigeria's commitment to both the West African and African integration agendas. It is expected that Nigeria and her neighbours will put in place appropriate measures to halt the trade restrictions in H2 2020.

Implementation of 2019 Finance Bill to support fiscal consolidation:

President Muhammed Buhari signed Nigeria's 2019 Finance Bill into law on 13 January 2020. The law is expected to promote fiscal equity, reform domestic tax laws, introduce tax incentives for investments in infrastructure and capital markets, support medium and small-scale enterprises, and raise government revenue. As per fiscal consolidation, the bill proposed an increase in value added tax from 5.0% to 7.5%, a rule requiring all bank accounts to have tax numbers, and taxation of dividend from petroleum profits that are likely to improve poor revenue mobilization outcomes.

Deep Offshore & Inland Basin PSC (Amendment) Act, 2019:

An amendment to royalty payment structure in the Deep Offshore and Inland Basin Production Sharing Contract (PSC) Act of 2004. The amended Act included revision of royalty payable on a field basis from erstwhile graduated rates to a uniform scale for deep offshore PSCs. The new policy effectively reduces royalty payment for offshore players with 200m-500m depth, while increasing that of players exploring greater depths (a terrain in which major IOCs play). This is expected to contribute significantly to fiscal revenue in 2020.

Electricity tariff review set to arrest liquidity crunch:

The Nigerian Electricity Regulatory Commission (NERC) revised its Multi Year Tariff Order (MYTO) in August 2019, with a view to achieving full cost-reflective tariffs by July 2020. The increase in tariff was initially delayed, but now set to go into effect in September 2020. It is expected that the cost reflective tariff will provide support for the power sector, which has been largely characterized by substantial debt and weak operational performance.

14. OVERVIEW OF THE NIGERIAN FINANCIAL SERVICES SECTOR

The Nigerian financial system consists of the formal sector (bank and non-bank financial institutions) and the informal sector (savings and loan association, local money lenders, etc.). The institutions are regulated by the Central Bank of Nigeria (CBN), Federal Ministry of Finance, Nigeria Deposit Insurance Corporation (NDIC), Securities and Exchange Commission (SEC), the National Insurance Commission (NAICOM), National Pensions Commission (PENCOM) and the Federal Mortgage Bank of Nigeria (FMBN).

The Financial Services sector in Nigeria is a major contributor to the country's macro-economic development. The Financial Services sector ranks third by market capitalization (c.13.4% as at September 1, 2020). The Sector also leads the NSE in terms of number of companies listed on the NSE (52 companies as at September 1, 2020). The sector was formerly synonymous with the banking sector, but can now be clearly segmented into bank and non-bank financial institutions – which comprise asset management firms, stockbroking firms, insurance companies, mortgage institutions, discount houses, merchant banks, microfinance banks and other finance companies.

Banking

The banking sector in Nigeria is largely dominated by the commercial banks (22 as at the date of this Shelf Prospectus) and 2 non-interest banks. Over the years, the banking sector has undergone several phases of regulatory driven reforms. In 1986, the malfunctioning of the financial system led to the introduction of the Structural Adjustment Program reform. Although it had been anticipated that the reforms would turn the economy around, it only led to unprecedented distress within the banking sector. A more comprehensive reform phase began in 2004. This reform was marked by recapitalization and consolidation of several banks which were in dire straits due to structural and operational weakness, and consequently, visible improvements occurred within the sector. This success was short-lived as the global financial crisis of 2008 revealed more weaknesses within the system.

In a joint examination conducted in May 2009, the CBN and Nigeria Deposit Insurance Corporation (NDIC) found that 10 out of the then 24 Nigerian commercial banks had substantial non-performing loans, suffered from poor corporate governance, weak capital adequacy and were illiquid. AMCON was established in 2010 to take bad debts off the Nigerian banks' balance sheets following the banking sector crisis of 2008 which had a negative impact on the banks' balance sheets through increased provisioning for bad debts, lower profitability, and deterioration in the quality of banks' assets. The industry again witnessed another round of mergers and acquisitions such as Ecobank's acquisition of Oceanic Bank, the merger of Finbank with First City Monument Bank Limited, the merger of Intercontinental Bank with Access Bank PLC, and the acquisition of Equitorial Trust Bank by Sterling Bank. The exercise resulted in the CBN revoking the licenses of Spring Bank, Afribank and Bank PHB. The CBN's rationale behind the intervention was to resolve liquidity challenges in the country's banking system and to restore stability and confidence to the banking sector.

In October 2010, the CBN repealed the universal banking guidelines and issued new rules and guidelines for the banking sector aimed at streamlining banking operations in Nigeria as well as reducing the exposure of the banks to higher operational risks. This rule effectively required banks to divest from all non-banking business or to adopt a non-operating holding company structure in compliance with the regulation. In addition, commercial banks were also required to maintain a minimum paid up share capital of ₦10 billion for institutions granted a regional banking license, ₦25 billion for institutions granted a national banking license and ₦50 billion for institutions granted an international banking license. In 2014, AMCON concluded the sale of its entire equity stakes in Enterprise Bank to HBCL Investment Services Limited (a

special purpose vehicle sponsored by Heritage Banking Company Limited) and Mainstreet Bank Limited to Skye Bank Plc.

The notable events in the banking sector between 2018 and 2019 include: the revoking of Skye Bank's licence and eventual takeover by bridge bank – Polaris Bank; the Diamond/ Access Bank merger which created Africa's largest retail bank by customers, the granting of banking licenses to Globus Bank Limited and Titan Trust Bank Limited, the adoption of International Financial Reporting Standard 9 (IFRS 9), the implementation of Basel 3 to meet with global standards and the reappointment of Godwin Emefiele as the Governor of CBN.

Microfinance Banks

Microfinance banks have contributed immensely to the growth and development of the financial services sector. The sector's importance to the development of the economy is seen in its contribution to Micro, Small and Medium Scale Enterprises (MSMEs). Its introduction into Nigeria in 2005, recognized existing informal financial institutions and brought them under the purview of the CBN to enhance monetary stability and to expand the financial institutions in the country to meet the financial requirements of MSMEs as well as unbanked rural population.

The Microfinance Policy, Regulatory and Supervisory Framework designed by the CBN in 2005 and revised in 2011, categorizes microfinance banks into three categories: Unit Microfinance Bank (authorized to operate in one location and with a minimum capital requirement of ₦20 million), State Microfinance Bank (authorized to operate in a single state with multiple branches and with a minimum capital requirement of ₦100 million) and National Microfinance Bank (authorized to operate in more than one state and with minimum capital requirement of ₦2 billion). Since its formal introduction in 2005, the number of microfinance institutions in Nigeria has increased at a rapid rate in response to the growing need for financial inclusion and funding for MSMEs. As at August 2020, a total of 1022 microfinance banks were reported as licensed by the CBN, with majority of this being in the Unit category.

The CBN released a circular in October 2018, wherein it reviewed the minimum share capital requirement for microfinance banks. Upon issuance of the circular, Unit Microfinance Banks are required to increase their minimum capital to ₦200 million, State licenced Microfinance Banks to ₦1 billion from an initial minimum capital requirement of ₦100 million and National Microfinance Banks to ₦5 billion from an initial capital requirement of ₦2 billion.

Finance Companies

Finance companies in Nigeria are non-bank financial intermediaries involved in funds mobilization particularly short-term fund, placement & funds management, project financing, equipment leasing, debt factoring, loan syndication, granting credit etc. Finance companies are statutorily barred from accepting deposits and undertaking foreign exchange transactions as stipulated in the guidelines for their operations. The CBN is responsible for monitoring finance companies' operation to ensure that they conform to specified regulation to avoid financial distress in the sub-sector.

Finance companies through their activities, act as suppliers of loans and credit facilities ensuring financial deepening in Nigeria which implies the ability of financial institutions in general to effectively mobilize financial resources for development. According to CBN data, the number of licensed finance companies in Nigeria stands at 45 as at the date of this Shelf Prospectus.

Insurance Companies

Insurance firms constitute one of the important segments of the Nigerian financial system. The primary objective of insurance companies is to protect their customers against insured risks by selling insurance policies to them.

Nigeria's insurance industry is the largest in West Africa and fourth largest in Africa. The Insurance industry is segmented into life, non-life and composite insurers. The industry is largely dominated by the non-life insurance segment which accounted for c.67% of Gross Written Premiums (GWP) in 2018. The industry remains underpenetrated with a minimal penetration of 0.3% as at 2018 when compared to African peers like South Africa.

However, there are significant potential growth opportunities engendered by regulatory interventions by the industry regulator, National Insurance Commission (NAICOM), aimed at ensuring strict compliance with the relevant insurance laws, which has increased investors' confidence and the participation of the populace in purchasing insurance products. One of such is the new capitalization framework announced in May 2019 with a further addendum in July 2019. Under this framework, minimum capital requirements were increased to ₦8 billion (from ₦2 billion), ₦10 billion (from ₦3 billion) and ₦18 billion (from ₦5 billion) for life, non-life and composite insurers respectively.

Merchant Banks

Merchant Banks are very important because they support the economic development of the nation through the provision of long-term funding. Merchant banks focus on wholesale and investment banking including advisory services, wealth management, asset management, debt capital markets and equities.

The banking reform of 2000 that brought about Universal Banking System led to the discontinuation of the activities of Merchant banks. Merchant banking activities were conducted by the Deposit Money Banks as one stop shops, until the 2009 banking reform that reviewed the Universal Banking System which classified banks and evolved merchant banks again.

In 2010, CBN issued the guidelines for the licensing, regulations and operations of merchant banks. Under this regulation, merchant banks are required to have a minimum paid-up share capital (minimum capital base) of N15 billion and not allowed to accept cash deposits except they are beyond N100 million. With the liberalization of the financial markets in the 1980s, the number of merchant banks grew steadily from 12 in 1986 to 54 in 1992. Between the year 1994 and 1998, the number of merchant banks dropped to 38. The declining trend of merchant banks activities continued in 1999 and 2000. This was due to the change in status of some key merchant banks to commercial banking in 1999 and 2000. Currently, there are 5 operational merchant banks in Nigeria as at the date of this Shelf Prospectus.

15. DESCRIPTION OF CARDINALSTONE FINANCING SPV PLC

15.1 Introduction

CardinalStone Financing SPV Plc was incorporated in Nigeria on 13, August, 2020 (registered number RC 1697215) as a public limited liability company with registered address at 5, Okotie Eboh Street, Ikoyi, Lagos State. The Issuer has no subsidiaries and has been established as a special purpose vehicle set up for the purpose of issuing bonds to further on-lend to the Sponsor to fund capital expenditure, working capital and enhance liquidity.

CardinalStone Financing SPV Plc is a subsidiary of CardinalStone Partners Limited, with an authorized share capital of ₦1,000,000 divided into 1,000,000 ordinary shares of ₦1 each, issued and fully paid. 999,999 shares of the Issuer are held by CardinalStone Partners Limited and 1 ordinary share held by CardinalStone Asset Management Limited.

15.2 Principal Activities

The Principal activities of the Company are to issue Bonds to the public, especially Qualified Institutional Investors, and use the proceeds to purchase debt instruments from CardinalStone under the Master Notes Issuance Agreement and in accordance with the terms of the Transaction Documents.

Copies of the Memorandum and Articles of Association of the Issuer may be inspected at the specified registered address of the Issuer.

As at the date of this Shelf Prospectus, 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 authorization 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 its Memorandum and Articles of Association and the terms of the Trust Deed, and other related documents.

15.3 Directors and Company Secretary

Below are details of the nominee directors of the Issuer:

| Name | Designation |
|-----------------|-------------------|
| Michael Nzewi | Director |
| Mohammed Garuba | Director |
| Azizah Abiola | Company Secretary |

15.4 Profile of Directors

Michael Nzewi – Director

Mr. Michael Nzewi is one of the founding partners of CardinalStone and has been Managing Director of the company since January 2017. Michael served as a Director in the Capital Markets division of Standard Chartered Bank (SCB), London. Prior to SCB, Michael served as the Head of Corporate Finance at Vetiva Capital Management Limited. Michael holds a BSc (Hons) (Accounting) from University of Benin (1997) and an MBA from Said Business School, Oxford University, UK (2006). He is an Associate of the Institute of Chartered Accountants of Nigeria (1999).

Mohammed Garuba – Director

Mr. Mohammed Garuba is one of the founding partners of CardinalStone. Prior to founding CardinalStone, Mohammed served as Director of Equity Securities at Renaissance Capital. Before joining Renaissance Capital, Mohammed served as Managing Director of Zenith Securities Limited.

Mohammed began his professional career in the Finance and Treasury department of Intercellular Nigeria Limited then left for the Asset Management Division of Stanbic Bank Plc (IBTC).

Mohammed holds a BSc (Hons.) (Insurance) from University of Lagos (1998) and is a Fellow of both the Institute of Chartered Accountants of Nigeria (2019) and the Chartered Institute of Stockbrokers (2016/2017).

15.5 Directors' Interests

The directors of the Issuer are also directors of the Sponsor. Other than as stated, no director has any interest in the promotion of the Sponsor and/or the Bonds to be purchased or proposed to be purchased by the Issuer

15.6 Employees

The Issuer has no employees. The Directors and the Company Secretary of the Issuer are part of the management team and the Company Secretary of CardinalStone respectively.

15.7 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.

15.8 Material Contract

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.

15.9 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.

15.10 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.

15.11 Litigation

The Issuer is not and has not, since its incorporation, been 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.

16. DESCRIPTION OF CARDINALSTONE PARTNERS LIMITED

16.1 History and Overview

CardinalStone is an independent, multi-asset investment management firm offering an assortment of financial services to a diverse institutional and retail clientele base. The Sponsor has its corporate headquarters located at 5 Okotie Eboh Street, Ikoyi, Lagos, Nigeria and maintains a branch office which covers its Northern Region operations in Abuja, Nigeria. The Sponsor and its subsidiaries are licensed by the SEC to operate as an Issuing House, Fund Manager, Broker/Dealer and Registrar; and by the Central Bank of Nigeria (“CBN”) to operate as a Finance company.

CardinalStone commenced business operations in June 2008 and subsequently raised approximately ₦500 million in equity capital. In 2009, the Sponsor secured its Issuing House and Fund/Portfolio Management licenses from the SEC. In 2011, the Sponsor commenced its securities trading business following its acquisition of Plural Securities, now CardinalStone Securities Limited (“CardinalStone Securities”).

In 2013, the Sponsor embarked on the acquisition of CardinalStone Registrars Limited (“CSRL”) (formerly known as City Securities Registrars Limited) as part of its efforts to broaden its client offerings and to increase its earning capacity. CardinalStone also established and commenced operations of a new business unit in 2016, CS Advance Finance Company Limited (“CSAdvance”) which is primarily a consumer lending business concern.

Over the years, the Sponsor has continued to introduce innovative asset management and other financial products as well as service offerings as a mode of differentiation across its various businesses. This resulted in the Sponsor’s positioning as a leading broker and research house to domestic and international market players.

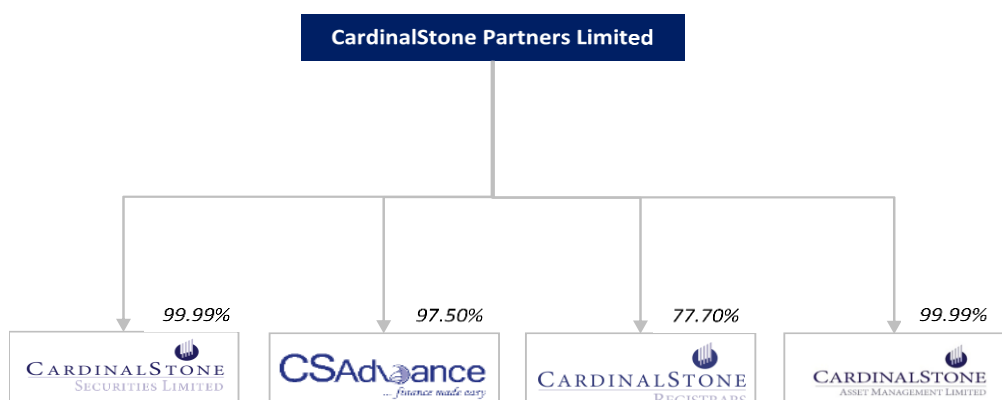
To further consolidate its presence in the asset management business including the launch of various mutual funds, the Sponsor recently transferred its fund/portfolio management business into a new subsidiary, CardinalStone Asset Management Limited (“CAM”).

CardinalStone had total assets of c.₦26.73 billion and profit before tax (PBT) of ₦1.29 billion in 2019 with a 32% CAGR in PBT over the last five years.

16.2 Principal activities

The principal activities of the Sponsor continue to be the provision of comprehensive financial advisory services including financial advisory, capital markets, structured finance, asset management, investment advisory, fixed income trading, money market activities, foreign exchange operations, registrar services and consumer lending services to its corporate and individual customers.

16.3 Group Structure



The Sponsor currently operates as a financial services operating holding company which provides the following service offerings:

Investment Banking

The Investment Banking unit is comprised of the Capital Markets (Debt & Equity), Financial Advisory and Structured Finance sub-departments. CardinalStone seeks to provide customized solutions to our clients based on our understanding of their strategic objectives. The Sponsor's focus is to grow with its clients, build relationships based on trust and show developed competence to support businesses at different points in their lifecycles including navigating cyclical downturns. The business caters to clients across diverse sectors and provides expert advice to both large and mid-sized companies as well as government agencies both locally and across the West African region.

The unit runs an independent, conflict free structure and has a team of highly trained professionals with exposure to best-in-class transaction structuring and execution experience. The overriding objective is to be a long term, trusted adviser and financier to clients of CardinalStone.

Proprietary Trading

The Proprietary Trading unit is responsible for all activities related to using CardinalStone's capital, tools and resources towards executing daily trades, block trades and long term buy and hold orders of equities, bonds and other approved securities, in line with CardinalStone's investment objectives.

Fixed Income Trading

The Fixed Income Trading unit offers a wide-ranging bouquet of fixed income investment services to Retail, High Net Worth and Institutional clients, both home and abroad seeking a guaranteed fixed return on their investment portfolios for a specified investment horizon. The unit's investment offerings include Federal Government Bonds, Eurobonds, State and Local Government Bonds as well as Corporate Bonds.

16.4 Subsidiaries

The Sponsor has four (4) subsidiaries offering a full bouquet of diversified financial services. These subsidiaries include:

CardinalStone Securities Limited (CSS)

CardinalStone Securities Limited is a wholly owned securities trading subsidiary of CardinalStone Partners Limited which offers an attractive bouquet of stockbroking services to its growing retail and institutional clientele. CSS is registered with the SEC as a broker-dealer and is a dealing member of the Nigerian Stock Exchange ("NSE"). CSS is also a participating member of the NASD OTC exchange and a dealing member specialist with the FMDQ Securities Exchange Limited.

In the last six years, CSS has consistently been ranked annually amongst the top 10 brokers (by trading volumes and value) on the Nigerian Stock Exchange (the "Exchange") out of over 250 registered broker dealers in the country. As at 30 June 2020, CSS is ranked 1st on volume and 5th on value traded on the NSE. CSS delivers top notch equities investment services to both international and local clients, offering several products that provide value and make investing in the Nigerian Equities market seamless. Some of their custom product offerings include brokerage services, Global Account Reconciliation & Consolidation, Margin Trading and Trade Direct.

CS Advance Finance Company Limited (CSAdvance)

CSAdvance is a CBN licensed financial company that was incubated by CardinalStone in 2016 to focus on the provision of a range of consumer lending services across a broad spectrum of retail and corporate clientele who are employed and upwardly mobile both in the Nigerian public and private sectors. Some of

the company's product offerings include personal loans, invoice finance, group loans and other specialized loans.

Interest Income grew at a CAGR of 102.5% between 2017 and 2019. During this period, CS Advance disbursed over ₦2.5 billion worth of loans while over the last year, it has increased its staff size and asset acquisitions in preparation for its recent move into a larger office building. The Company has also commenced a drive to mobilize customer funds and investments. This impressive growth trend is expected to continue, considering the expansion of the company's marketing efforts across Lagos and the South-eastern region of the country.

CardinalStone Registrars Limited (CSRL)

CardinalStone Registrars Limited (formerly City Securities Registrars Limited) is a leading provider of securities' registration and data administration services and was acquired by CardinalStone Partners Limited in 2013. With its new brand name, CSRL continues to deliver world-class quality service to its clients leveraging on the core values of the CardinalStone group including professionalism, integrity, innovation and creativity.

As a securities registration and data administration service provider, CSRL manages about 50 equity and bond registers for over two million shareholders across a wide variety of blue-chip companies and institutions across different industries including Oil and Gas, Agribusiness, Building Materials, Hospitality, Financial Services, FMCG etc. The company has experienced significant growth in PBT with CAGR of 13.9% between 2013 and 2019.

CardinalStone Asset Management Limited (CAM)

CardinalStone Asset Management Limited was incorporated in April 2016 as a wholly owned subsidiary of CardinalStone. The fund/asset management licence and responsibilities of CardinalStone were transferred to CAM further to the approval of the SEC in December 2019, thereby empowering CAM to carry out activities as a fund manager. CAM offers its clients a broad array of investment solutions ranging from equities, fixed income and alternative investments with Assets Under Management of about ₦33.3 billion as at 31 December 2019. CAM's services include private wealth management, institutional asset management as well as fund and portfolio management.

16.5 Profiles of Board of Directors and Key Management Team

Afolabi Adeola – Chairman

Mr. Afolabi Adeola is the founder and chairman of FATE Foundation which promotes entrepreneurship initiatives among Nigerian youths. Afolabi is also the co-founder of Guaranty Trust Bank Plc where he served as the pioneer Managing Director and Chief Executive Officer for 12 years. He served as the Chairman of the Pension Reform Committee, Chairman of the National Pension Commission from 2004 to 2006, and as Group Managing Director and Chief Executive Officer of the Transnational Corporation of Nigeria Plc from 2005 to 2006. Afolabi currently serves as the Chairman of MainOne Cable Company, Allianz Insurance Plc and Lotus Capital and also sits on several other boards. He holds Diploma in Accounting from Yaba College of Technology in 1975, became a Chartered Accountant in 1980.

Asue Ighodalo – Non-Executive Director

Mr. Asue Ighodalo is a founding partner of Banwo & Ighodalo, a leading Corporate Law firm in Nigeria. Asue specializes in Corporate Finance, Capital Markets, Energy & Natural Resources, Mergers & Acquisitions, Banking & Securitization and Project Finance. He is a member of the Nigerian Economic Summit Group; Commercial Law and Taxation Committee of Lagos Chamber of Commerce and Industry and the Policy and Monitoring Committee of the National Council on Privatization. Asue is the Chairman of Sterling Bank Plc and sits on the boards of Nigeria Sovereign Investment Authority, Allianz Insurance and several other companies. He holds a B. SC in Economics from the University of Ibadan (1981) a LLB from the London School of Economics & Political Science (1984) and was admitted to the Nigerian Bar as Barrister and Solicitor of the Supreme Court of Nigeria in 1985.

Maryam Bashir – Non-Executive Director

Ms. Maryam Bashir is the Chief Executive Officer of CreditCorp Limited. Prior to joining CreditCorp, Maryam served in various management positions in United Bank for Africa Plc (UBA) before becoming the Executive Director, Corporate Services at the bank. She was also a Director in UBA Capital and has worked in various financial institutions including International Merchant Bank Limited (IMB). Maryam is a founding member of Women in Management and Business (Wimbiz) and is a board member of Information Connectivity Solutions Limited and Enownow Limited. She also sits on the boards of several other companies. She holds a B.SC (Hons) in Business Administration from Ahmadu Bello University (1983) and a MBA (Finance) from the University of Jos (1989).

Femi Ogunjimi – Non-Executive Director

Mr. Femi Ogunjimi one of the founding partners of CardinalStone. He is a Managing Partner of the private equity affiliate company, CardinalStone Capital Advisers Limited. Femi served as Vice President – Investment Banking Division, Goldman Sachs, New York. Prior to joining Goldman Sachs, Femi was Senior Associate at PriceWaterhouseCoopers in Lagos, Nigeria. Femi holds a BSc. In Accounting from the University of Lagos (1998) and an MBA from the Wharton School, University of Pennsylvania (2004). He is an Associate of the Institute of Chartered Accountants of Nigeria (1999).

Yomi Jemibewon – Non-Executive Director

Mr. Yomi Jemibewon is one of the founding partners of CardinalStone and is currently a Managing Partner of CardinalStone Capital Advisers Limited. Yomi served as Vice President – Financial Advisory in Avante Capital. Prior to joining Avante, Yomi worked at the New York offices of Bain & Company. At Bain, Yomi worked primarily on executing strategic due diligence and developing post-acquisition growth strategy and turn-around initiatives for various private equity and corporate engagements. Yomi holds a B.SC in

Electrical Engineering (1998) and a M.Sc in Electrical Engineering (2000) Virginia Tech and a MBA from the Wharton School, University of Pennsylvania (2005).

Michael Nzewi – Chief Executive Officer

Mr. Michael Nzewi is one of the founding partners of CardinalStone and has been Managing Director of the company since January 2017. Michael served as a Director in the Capital Markets division of Standard Chartered Bank (SCB), London. Prior to SCB, Michael served as the Head of Corporate Finance at Vetiva Capital Management. Michael holds a BSc (Hons) (Accounting) from University of Benin (1997) and an MBA from Said Business School, Oxford University, UK (2006). He is an Associate of the Institute of Chartered Accountants of Nigeria (1999).

Mohammed Garuba – Managing Director, CardinalStone Asset Management

Mr. Mohammed Garuba is one of the founding partners of CardinalStone. Prior to founding CardinalStone, Mohammed served as Director of Equity Securities at Renaissance Capital. Before joining Renaissance Capital, Mohammed served as Managing Director of Zenith Securities Limited.

Mohammed began his professional career in the Finance and Treasury department of Intercellular Nigeria Limited then left for the Asset Management Division of Stanbic Bank Plc (IBTC).

Mohammed holds a BSc (Hons.) (Insurance) from University of Lagos (1998) and is a Fellow of both the Institute of Chartered Accountants of Nigeria (2019) and the Chartered Institute of Stockbrokers (2016/2017).

Onyebuchim Obiyemi – Vice President, Investment Banking

Onyebuchim Obiyemi is the head of the Investment Banking Division where she is responsible for the origination and execution of financial advisory, capital markets and structured finance transactions.

Prior to joining CardinalStone Partners, she served as a Senior Associate in the Investment Banking Division of Afrinvest (West Africa) Limited. Onyebuchim's over a decade investment banking experience spans financial advisory in mergers & acquisitions, restructurings and debt/equity capital raising for corporate organizations in financial services, general industrials, FMCG and real estate sectors as well as State governments. She also had a stint in the Operations and Technology -Group of Citibank Nigeria Limited.

Onyebuchim holds a B.Sc (Hons) (Accounting) from University of Lagos (2005) and an M.Sc. (Investment and Finance) from Middlesex University Business School, London (2009). She is an Associate of the Institute of Chartered Accountants of Nigeria and has attended several Leadership and management courses including the Senior Management Programme at the Lagos Business School in 2018.

Olutayo Oyawale – Chief Technological Officer

Olutayo Oyawale is the Chief Technological Officer of the CardinalStone Group.

He holds a BSc (Hons) (Computer Engineering Technology) from Babcock University (2004), Microsoft Certified Professional Certification (2005) and Business Intelligence Architect Certification (2013). He has deployed his skills in diverse institutions across Nigeria including ExxonMobil Nigeria, ARM Pensions Managers as Head of IT, Stanbic IBTC Asset Management Ltd also as IT Manager, Network Security Expert and application developer where he led the team that internally developed the company's core business application Software.

Olutayo also has vast experience in the public sector having served as Special Adviser (ICT) to the Statistician General of the Nigerian National Bureau of Statistics between 2011 and 2014 as well as the

National Project Coordinator of the Agricultural Market Information Systems (AMIS) in FAO of the United Nations from 2014 to 2017.

Elile Olutimayin – Vice President, Securities Trading

Elile Olutimayin is the Managing Director of CardinalStone Securities Limited. Prior to this, she was the head of Equities Trading desk at CardinalStone where she was responsible for leading the Equities trading team. Prior to CardinalStone, Elile worked with Investment One Financial Services Limited (formerly known as GTB Asset Management Limited) and Kakawa Asset Management Limited. She has over a decade experience having worked in varying capacities and roles – Equities trading, Investment (Funds) Management, Credit Management and Sales.

Elile holds B.Sc (Hons) (Mathematics & Economics) from University of Benin (2007) and she is an Associate member of the Chartered Institute of Stockbrokers (CIS) as well as an Authorized Dealing Clerk of The Nigerian Stock Exchange (NSE). She has attended several Leadership and management courses including the Senior Management Programme at the Lagos Business School (2018).

Ayoola Adeola – Chief Business Strategist, CardinalStone Registrars

Ayoola Adeola is the Chief Business Strategist of CardinalStone Registrars Limited. Prior to CardinalStone Registrars, Ayoola was Head, Structured Finance at CardinalStone Partners, where he led several transactions on debt structuring, project finance and capital raising. Before joining the CardinalStone Group, Ayoola held several roles with Wizer Advisory Limited, Zenith Bank Plc and Zenith Trustees Limited.

Ayoola holds a B.Sc. (Hons) (Economics) from the Obafemi Awolowo University, Ile-Ife (2006) and M.Sc. (Finance and Accounting) from Aston Business School, Birmingham (2010). He has attended several Leadership and management courses including the Advanced Management Programme at the Lagos Business School (2019).

Babatunde Obadero – Managing Director, CS Advance

Tunde Obadero is currently the Managing Director of CSAdvance with over 14 years' experience in the Financial Services industry in Nigeria. His experience spans various financial institutions including the leadership roles he assumed at Pledge Finance Limited, Page Financials and Polaris Bank Limited (formerly Skye bank Plc).

He holds a BSc (Hons) (Pharmacology) from the College of Medicine, University of Lagos (2000) and an MBA from the Lagos Business School (2013). He has attended several management training courses including the Strategic Marketing Programme at INSEAD, France (2016).

Oredolapo Adedayo – Vice President, Human Resources Department

Oredolapo Adedayo has over 13 years working experience. Prior to joining CardinalStone, she worked in the Investment department of Custodian & Allied Insurance Plc where she was responsible for managing the company's investment portfolio. Before joining Custodian & Allied, Oredolapo served as a wealth management consultant at West Africa Capital Market School and an equity analyst at Empire Securities Limited. She started her career at TVG Asset Management Limited where she worked as an Investment officer on the local equities and foreign currency trading desks.

Oredolapo holds an MBA from the Lagos Business School, Nigeria (2015) and a B.Sc in Computer Information Systems from Babcock University, Nigeria (2004). She is also an Associate of the Chartered Institute of Stockbrokers and an authorised dealing clerk of the Nigerian Stock Exchange.

Olushola Ojo – Head, Risk Management, Internal Control & Compliance

Olushola Ojo is a seasoned Auditor with over 10 years of experience covering the financial services sector. He participated in several engagements like procurement audit; investment banking audit; commercial banking audit; operational risk & credit risk audit; Balance-sheet substantiation and revenue assurance audit among other audit engagements while working at Stanbic IBTC Bank.

He was a credit and operational risk audit resource for the Group Internal Audit department of Standard Bank South Africa between 2011 and 2013 where he participated in several cross-border audits covering the West African region. He was the pioneer compliance and risk officer of Stanbic IBTC Stockbrokers Limited between 2009 and 2010 after leaving Investment Banking Trust Company Asset Management Limited (IBTC Asset Management Ltd) where he worked as an Asset Management Operations Officer between 2008 and 2009. He also had a stint with Spring Bank Plc between 2007 and 2008.

Olushola is an associate member of the Institute of Chartered Accountants of Nigeria (ICAN) and a graduate of Accounting from the University of Ado-Ekiti (2006). He is also a Member of the Professional Risk Managers International Association.

Oloruntoba Ayodele – Chief Financial Officer

Toba currently heads the Financial Control team. Prior to joining CardinalStone, he has worked at Superbrains Consulting Limited, Stelogs Limited and Chevron Nigeria Limited. His experience covers Financial Analysis, Financial Reporting, Tax and Credit Risk Management.

He is a Chartered Accountant and an Economics graduate of Olabisi Onabanjo University, Ogun State (2009) as well as an MBA from National Open University of Nigeria (2015).

Azizah Abiola – Head, Legal and Company Secretary

Azizah Abiola is the Head, Legal and Company Secretary of the CardinalStone Group. Prior to joining CardinalStone, Azizah was an Associate with the law firm, Giwa – Osagie & Co. where she advised on commercial transactions and performed company secretarial functions for clients. Prior to that, she worked with the law firm, Prime Solicitors where she drafted processes and appeared in federal and state courts in respect of civil matters.

Azizah has an LLB (Hons) Commercial Law degree from the University of West of England, Bristol in 2009 and was admitted to the Nigerian Bar as Barrister and Solicitor of the Supreme Court of Nigeria in 2012.

16.6 Employees

As at 31 December 2019, CardinalStone has 152 employees.

16.7 Premises

CardinalStone currently operates from its main office at 5 Okotie Eboh Street, Ikoyi, Lagos. It also has a branch office in Abuja. Details of the Issuer's premises are provided below:

| S/N | Office | Address |
|-----|-----------------------|--|
| 1 | Lagos (Head Office) | 5 Okotie Eboh Street, Off Ikoyi, Lagos |
| 2 | Abuja (Branch Office) | 12 Dar Es Salaam Street, Off Aminu Kano Crescent, Wuse II, Abuja |

16.8 Corporate Governance

CardinalStone remains committed to institutionalizing corporate governance principles as part of the Sponsor's corporate structure. It continues to ensure adherence to the implementation of corporate governance rules of the relevant Regulatory Agencies.

As in the past, the Board continues to operate in line with its responsibilities as contained in Regulatory Codes of Corporate Governance, the Sponsor's Articles of Association and CAMA. Its oversight of the operations and activities of the Bank are carried out transparently without undue influence.

Essentially, fair value corporate governance depends on the quality and integrity of our directors. Consequently, CardinalStone has undertaken to create the institutional framework conducive for defending the integrity of our directors and is convinced that on account of this, the Board of the Sponsor is functioning in a highly effective manner.

16.9 Board Composition and Committees

The Sponsor's Board of Directors is made up of seven (7) members comprising a Non-Executive Chairman, four (4) Non-Executive Directors and two (2) Executive Directors (inclusive of the Managing Director/CEO).

The Sponsor's Board is led by the Non-Executive Chairman and includes individuals with vast experience and achievement in their respective fields. The Board members are professionals and entrepreneurs with vast experience and credible track records. The Board meets regularly (at least four (4) times in each financial year) to set broad policies for the Sponsor's business and operations ensuring that actions are taken on a fully informed basis, in good faith with due diligence and care and in the best interest of the Sponsor and its shareholders.

Responsibilities of the Board are well defined and the Board is not dominated by one individual. The position of the Chairman is separate from that of the Managing Director/CEO and the Chairman is not involved in the day to day operations of the Sponsor.

The Board ensures that an objective and professional relationship is maintained with the Sponsor's auditors in order to promote transparency in financial and non-financial reporting including full disclosure of accurate, adequate and timely information regarding the personal interest of directors in any area of potential conflict regarding the Sponsor's business.

To enhance corporate governance, Board sub-committees are constituted to discuss broad policies for the Sponsor's business and operations, help the Board properly assess management reports, proposals, carry out oversight functions and make recommendations to the main Board. In line with this the Board of Directors constituted the following committees through which the Board's oversight functions are performed:

Corporate Governance Committee

The Corporate Governance committee ensures the enforcement of the corporate governance guidelines which encompasses the means by which the Board and Management of the Sponsor are held accountable and responsible for their actions which include corporate discipline, transparency, independence, accountability, responsibility and fairness.

Finance, Credit and Risk Management Committee

The objectives of the committee include: advising the Board on matters relating to financial reporting, ensuring the financial stability and long term economic health of the Sponsor and providing governance, oversight and policy guidance over the Sponsor's framework of controls and procedures designed to

identify areas where the Sponsor may become exposed and susceptible to financial crime or system abuse. The committee reports to the Board for approval and ratification.

17. USE OF PROCEEDS

Unless otherwise stated in the Pricing Supplement, the net proceeds from each issuance of the Bonds under this Programme will be used for the purchase of CardinalStone Bonds issued by the Sponsor and such specific purposes as may be determined from time to time.

The Pricing Supplement for each Series or Tranche under the Programme will specify the details of the use of proceeds of that particular Series or Tranche.

18. RISK FACTORS

Investment in Bonds involves certain risks. Accordingly, prospective investors should carefully consider, amongst other things, the risk factors described below, together with all of the detailed information set out elsewhere in this Shelf Prospectus and reach their own views before making an investment decision. The following section does not describe all the risks of an investment in the Bond. Additional risks and uncertainties not presently known to the Issuer or Sponsor, or that they currently believe are immaterial, could also impair the Sponsor's business operations and as a result, the ability of the Issuer or the Sponsor to service their respective obligations under any Bonds. Investors should reach their own views or obtain such professional advice as they deem appropriate, before making an investment decision in respect of the Bonds.

18.1 General Bond Related Risks

Limited two-way quote trading market for Corporate Bonds

There may not be an active two-way quote trading market for the Bonds when issued, and thus the liquidity of the Bonds may be limited. Therefore, Investors may not be able to sell their Bonds in a transparent and efficient system. However, a vibrant Over the Counter (OTC) market exists for state government and corporate bonds, and the continuous development and deepening of the bonds market will likely help ensure increased liquidity of the Bonds.

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

The Bonds will be assigned a rating by at least one rating agency (duly registered with the SEC) appointed by the Sponsor as specified in relevant Pricing Supplement. The ratings may not reflect all the risks related to structure, market, additional factors discussed above, and 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.

Early redemption

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

Exchange rate

Payments of principal and interest on the Bonds will be made in Naira. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency other than the Naira. These include the risk that exchange rates may significantly change, including changes due to the devaluation of Naira or revaluation of the investor's currency.

Changes in interest rates may affect the price of the Bonds

Bonds offered with a fixed interest rate are subject to price risk. Consequently, the price of the Bonds may vary inversely with changes in prevailing interest rates. That is, a rise in prevailing interest rate will cause the price of a Fixed Rate Bond to fall and vice versa. Accordingly, the extent of the fall or rise in the price is dependent on the existing coupon, days to maturity and the increase or decrease in the level of the prevailing interest rates. Increased interest rates which frequently accompany inflation and/or a growing economy are also likely to have a negative effect on the price of the Bonds.

18.2 Risk Factors Relating to Nigeria

Economic risk

The Nigerian economy is largely dependent on crude oil production which has, in the past, been affected by incessant security crisis and political disturbances in the Niger Delta region. Up until recently, activities

in this region have been volatile affecting the entire spectrum of the oil and gas industry. Also, delays in passing the Petroleum Industry Bill have also contributed to the uncertainties regarding the future legal and fiscal environment of the industry.

In addition, a number of manufacturing/trading companies have been impacted by the difficulty in accessing foreign exchange for the purchase of raw materials or finished goods, leading to a significant decline in output. This has hindered the ability of such companies to service their loan facilities, thereby impacting the profitability of some banks and increasing their impairments.

Furthermore, the COVID-19 outbreak has severely impacted economic activity in Nigeria, creating large external and fiscal financing need in 2020. The contraction in global economic activity has also constrained the economic recovery momentum, following the recession experienced in 2016. Preliminary assessments have indicated that real GDP will significantly contract in 2020. Given the global nature of the COVID-19 pandemic, there is uncertainty around the severity and duration of the impact across markets, and impact on Nigeria's near-term growth.

Instability in key areas across the globe can adversely affect the movement of trade and foreign exchange in Nigeria. Investors are also advised to pay attention to key indicators in the global economy that may have an impact on investments in Nigeria.

Political risk

Nigeria's political, economic and social stability has been characterized by political and religious conflicts, terrorism, and social and religious tensions, any or all of which may materially and adversely impact economic conditions and growth in the country. The Nigerian political climate is predominantly controlled by two political parties – People's Democratic Party (PDP) and the All Progressives Congress (APC), the latter being the incumbent.

In recent years, Nigeria has experienced considerable unrest, terrorism and political and religious conflicts. Divisions based on geography can be magnified by religious differences, particularly between the north, which has a predominantly Muslim population, and the south, which has a predominantly Christian population. These regional affiliations have in the past contributed to, and may continue to contribute to, political and religious tension, which can also lead to social unrest. Insurgent activities in the north-east region of the country have also resulted in social and economic damage. Despite the recent successes in combating insurgent groups, the risk of insurgents regrouping remains. Until the Government is able to address the root of the problems that contribute to this (such as poverty, low level of education, religious intolerance, weak enforcement of law and order and insecurity), insurgent groups are expected to continue to operate, especially in the north-eastern part of Nigeria.

In recent times, the country has witnessed political tensions including calls for restructuring; increasing rifts between the executive and legislative arms of government; protests around protecting the principles of the Rule of Law, Constitutionalism, amongst others. Amidst these was the signing of the "Not Too Young to Run Act" by President Muhammadu Buhari on 31st May, 2018.

Emerging markets risk

Emerging markets such as Nigeria are subject to greater risk than more developed markets and financial turmoil in any emerging market could cause the price of securities to decrease. Generally, investments in emerging markets are only suitable for sophisticated investors who understand the instruments and fully appreciate the significance of the risks involved in investing in emerging markets.

Investors should also note that emerging markets, such as Nigeria, are subject to rapid change and that the information set forth in this Shelf Prospectus may become outdated relatively quickly. with investing in emerging markets. Investors should also note that emerging markets such as Nigeria are subject to rapid change and that the information set forth in this Shelf Prospectus may become outdated relatively quickly.

Moreover, financial turmoil in any emerging market country tends to adversely affect prices in equity markets of all emerging market countries as investors move their money to more stable, developed markets. Financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Nigeria and adversely affect the Nigerian economy as companies that operate in emerging markets can face severe liquidity constraints as foreign funding sources are withdrawn. Thus, even if the Nigerian economy remains relatively stable, financial turmoil in any emerging market country could adversely affect the Sponsor's business, as well as result in a decrease in the price of the securities

18.3 Risks Relating to the Issuer

The Issuer is a Special Purpose Vehicle with no business operations or significant assets

The Issuer is a special purpose vehicle with no business other than issuing the Bonds and purchasing corresponding debt securities issued by the Sponsor (CardinalStone Notes). The Issuer has no assets other than the CardinalStone Notes, and (where indicated in a Pricing Supplement), other permitted investments. The Issuer has an obligation under the "Terms and Conditions of the Bonds" and the 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) actually received and retained by or for the account of the Issuer from the Sponsor pursuant to the corresponding CardinalStone Bonds.

The right of Bondholders to receive payments in respect of the Bonds is therefore limited to payments received by the Issuer from its investments in the CardinalStone Bonds.

Thus, investors are relying significantly on the creditworthiness of the Sponsor. Consequently, if the Sponsor fails to meet its payment obligations to the Issuer on the relevant CardinalStone Bonds purchased in full, this 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 corresponding Bonds. Hence, an investment in such Bonds 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 laws

The Issuer is duly incorporated and established under Nigerian law, which remains 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 Nigerian law after the date of this Shelf Prospectus.

Credit risk

The Issuer would use the proceeds of the Bonds to purchase debt securities from CardinalStone, therefore a default by the Sponsor in its obligations to the Issuer on a payment date will translate into a default by the Issuer in its obligations to investors leading to the non-payment of the Coupon, and the principal on the Bonds on a payment date.

18.4 Risks Relating to the Sponsor

The following are descriptions of the risk factors which are material in respect of the financial situation of CardinalStone. The sequence in which they are listed is not an indication of their likelihood of occurrence

or the extent of their commercial consequences. The following statements are complete but not exhaustive, thus prospective investors must consider all the information provided in this Prospectus.

Operational risk

This is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, or from external events. Examples of these risks and their associated losses include: rogue trading, fraud/forgery, penalties or expenses incurred settlement delays and regulatory infractions, inappropriate sales practices, poor accounting processes, lapses in financial control, and legal settlements involving significant payments for losses alleged to have been caused by the financial institution.

Credit risk

As a financial institution that engages in creation of risk assets, trading in government and financial securities such as treasury bills, bonds, commercial papers etc. CardinalStone is exposed to credit risk, through the lending and trading activities.

CardinalStone may incur a loss if a borrower, trading counterparty (such as a bank, corporate or sovereign) or an issuer of securities or other instruments that the Sponsor holds if it fails to perform under its contractual obligations or upon a deterioration in the credit quality of third parties whose securities or other instruments CardinalStone holds. There is also credit risk in off-balance sheet financial instruments.

Liquidity risk

This is the risk that CardinalStone would be unable to meet its obligations as they become due. This may arise where the cushion provided by liquid assets is not sufficient to meet outstanding obligations. It may be triggered by consequences of other financial risks like credit risk and market risk such as interest rate risk, foreign exchange risk and security price risk.

Market risk

CardinalStone undertakes trading and investment activities in fixed income securities such as notes, treasury bills etc. all of which give rise to market risk exposure (i.e. the risk that the fair value or future cash flows of the Sponsor's trading and investment positions or other financial instruments may fluctuate because of changes in market prices). Market risk is the risk arising from adverse changes in underlying market factors such as interest rates, foreign exchange rates, equity prices, commodity prices and other relevant factors such as market volatility.

a. Interest rate risk

The principal risk to which the Sponsor's non-trading portfolios are exposed is the risk of loss arising from fluctuations in the future cash flow or fair values of financial instruments because of a change in the market interest rate. Interest rate risk occurs when there is a mismatch between interest rate sensitive assets and liabilities.

b. Foreign exchange risk

Foreign exchange (currency) risk is the risk that changes in foreign exchange rates would affect the value of the financial assets and liabilities as well as off-balance sheet items. Financial instruments that are exposed to this risk include foreign currency denominated securities, and future cash flows in foreign currencies arising from foreign exchange transactions. The Sponsor takes on foreign exchange risks through its activities in its banking books. It is therefore exposed to the risk of loss on its banking book positions in the event of adverse movements in currency prices.

19. EXTRACTS FROM THE PROGRAMME TRUST DEED

APPOINTMENT OF TRUSTEES AND DECLARATION OF TRUST

- The Issuer hereby appoints the Trustees as the representatives of the Holders in accordance with the provisions of this Deed and the Trustees will hold the benefit of the covenants, rights and other obligations of the Issuer herein contained, for the benefit of the Holders in accordance with this Deed.
- By execution hereof, the Trustees have accepted and agreed to be bound by and to enforce the powers, and perform the duties and obligations of the Trustees specifically set forth herein and hereby declare themselves Trustees for the Holders to hold the benefit of the covenants, rights and other obligations on the part of the Issuer herein contained in trust for the benefit of the Holders subject to the terms of this Deed and/or any Series Trust Deed.
- Any sums received by the Trustees whether of principal, interest or otherwise from the Issuer, shall be received by the Trustees in trust to apply same towards the repayment of Principal Amount and Coupon, fees, indemnities, costs and charges in accordance with this Deed; provided that the rights of each Holder as set out in this Deed and the relevant Series Trust Deed is preserved and preferred.
- The trust created herein shall be a continuing obligation and shall be of full force and effect until terminated in accordance with this Deed.

PURPOSE

- The net proceeds from the issue of the Bonds (after deduction of all statutory fees and the costs and expenses incurred in connection with the issuance of such Series of Bonds) shall be maintained in a designated payment account established by the Issuer and applied towards the purchase of the Notes in accordance with the terms of the Master Notes Issuance Agreement, and where expressly set out in the applicable Series Trust Deed and Final Terms, for the Permitted Investments.
- Without prejudice to the generality of the foregoing and the subsequent provisions of this Deed, the Trustees shall be entitled to, but shall not be bound to enquire as to the application of the proceeds of the Bonds.

AMOUNT AND ISSUE OF THE BONDS

- The Issuer may issue Bonds from time to time in one or more Series in an aggregate nominal amount not exceeding the Programme Limit through book building, private placement, public offering or any other methods as determined by the Issuer. Each Series may be issued in tranches (each a “**Tranche**”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and save in respect of the issue date, Coupon, Issue Price, first Coupon Payment Date and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the applicable Series Trust Deed and Final Terms.
- The Issuer shall be at liberty from time to time (but subject always to the provisions of this Deed) without the consent of the Holders to create and issue further Bonds having terms and conditions which are the same as the Bonds of any Tranche under the Programme save for the amount and

date of the first Coupon payment and so that the Bonds may be consolidated and form a single series with the outstanding Bonds of a particular Series.

- The Bonds shall be issued at the Issue Price and shall be subscribed for in the multiples and in the manner set forth in the relevant Supplementary Shelf Prospectus/Pricing Supplement or Final Terms.

FORMS OF THE BONDS

- **Form of Bonds**

The Bonds of each Series or Tranche shall be issued in dematerialised (book-entry) form, and made eligible for admission to Listing. However, the Bonds may be listed or unlisted at the discretion of the Issuer.

- **Title**

- **Issue of Bonds in Dematerialised Form**

The Bonds shall be issued in dematerialised (book-entry) form and each Holder shall be issued an E-allotment Notification. Each Holder shall be entitled to deal in the same in accordance with CSD procedures and guidelines.

The CSD Statement of Account shall be conclusive and binding for all purposes save in the case of manifest error and such person stated in the CSD Statement of Account shall be treated by the Issuer, the Trustees and the Registrar as the legal and beneficial owner of such aggregate number of Bonds for all purposes.

- **Physical Certificates**

Notwithstanding section 6.2.1 above, a Holder may elect to receive a Certificate covering the aggregate Principal Amount of his beneficial interest in the Bonds, **PROVIDED THAT** joint Holders shall be entitled to only one (1) Certificate in respect of the Bonds jointly held by them which Certificate shall be delivered to that one of the joint Holders whose name appears first in the Register and the delivery of a Certificate to one of such persons shall be deemed to be sufficient delivery to all.

- **Persons Deemed Owners**

Except as may subsequently be agreed between the Parties to a Series Trust Deed, the Holder (or his legal representative) shall be deemed and regarded as the legal and beneficial owner of the Bonds registered in his name for all purposes including but not limited to the payment of the Principal Amount, premium (if any) and Coupon (where applicable).

- **Currency, Medium and Place of Payment**

- The Principal Amount, premium (if any), and Coupon (where applicable) on the Bonds shall be denominated and payable in Naira.
- Payment of the Principal Amount, premium (if any) and Coupon (where applicable) shall be made in the manner specified in the Final Terms.
- Payment of the Final Redemption Amount shall be made in the manner as specified in the Final Terms.
- Any payment made pursuant to 6.4.1 to 6.4.3 above shall be deemed valid and shall satisfy and discharge the Issuer of any obligation to make payment on such Bonds to the extent of the amount paid.

- **Execution of Certificates**

All Certificates shall be executed for and on behalf of the Issuer by a Director and the Company Secretary. The signatures of a Director and the Company Secretary may be mechanically or electronically reproduced or engraved on the Certificates. Each Certificate so executed and authenticated shall be a binding and valid obligation of the Issuer to the Holder.

- **Exchange of Certificates and CSD Statement of Account**

Upon presentation and surrender of any Certificate to the Registrar together with written instructions satisfactory to the Registrar, (duly executed by the registered Holder or his attorney duly authorised in writing), the Certificate may be exchanged for an amount equal to the aggregate outstanding Principal Amount or final Instalment Amount (where applicable) of registered Bonds of that Series or Tranche; provided that such surrender and exchange shall occur on the Maturity Date of each Series or Tranche or any other date in respect of a Series or Tranche as specified in the relevant Series Trust Deed and/or Supplementary Shelf Prospectus/Pricing Supplement.

The CSD rules and procedure will apply to the exchange of the CSD Statement of Account in the case of dematerialised Bonds.

- **Transfer of Bonds and Register of Holders**

- All Bonds issued pursuant to this Deed shall be transferable subject to the provisions for registration of transfers contained herein.

- The Issuer shall cause the Register, with respect to each Tranche or Series of Bonds, to be maintained at the offices of the Registrar and the Registrar shall provide for the registration and transfer of any Bonds under such reasonable regulations as the Registrar with the approval of the Issuer and the Trustees may prescribe.
- Each Tranche or Series shall be registered in the applicable Register. The Register shall contain the names and addresses of the Holders, the respective number of Bonds held, the nominal value of the Bonds, the date of allotment or purchase, the CSD account number of the Bonds together with any other information that may be deemed necessary by the Issuer or the Trustees. Any transfer of Bonds represented by a Certificate shall be effective only to the extent that such transfer is registered in the Register, by the Holder or transferee thereof in person or by his attorney duly authorised in writing, upon presentation and surrender of the Certificate (if the Bonds are issued in physical form) together with a written instrument of transfer in a form satisfactory to the Registrar duly executed by or on behalf of the registered Holder and the transferee or by a duly authorised attorney. Upon surrender of the aforesaid documents to facilitate the registration of transfer of Bonds, the Registrar shall, if the above stated conditions are met, register such transfer, and deliver a new Certificate (if any) to the transferee as appropriate.
- The transfer of Bonds in dematerialised (book entry) form shall be regulated by the CSD procedures and guidelines.
- The Trustees and the Holders or any of them and any person authorised in writing by any of such persons shall, upon giving the Registrar at least two (2) Business Days' prior written notice, be at liberty at all reasonable times during business hours to inspect the Register and to take copies of the Register certified by the Registrar or any authorised officer of the Issuer and extracts from same or any part thereof.
- The Register shall be closed during such periods, not exceeding an aggregate of thirty (30) days in any year.
- **Statements of Account**

The Issuer and the Trustees may call for and, except in the case of manifest error, shall be at liberty to accept and place full reliance on (without liability), as sufficient evidence thereof, the CSD Statement of Account or any form of record made by the CSD or such other form of evidence and/or information and/or certification as they shall, in their absolute discretion, think fit 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 the Holder of a particular nominal amount of Bonds and, if it does so rely, such CSD Statement of Account, form of record, evidence, information or certification shall be conclusive and binding on all concerned.
- **Separate Series**

The Bonds of each Series shall form a separate Series of Bonds and accordingly, unless for any purpose the Trustees and the Issuer in their absolute discretion shall otherwise determine, the provisions of Clauses 6 to 39 (both inclusive) and Schedule 3 shall apply *mutatis mutandis* separately

and independently to the Bonds of each Series and in such Clauses and Schedule, the expressions **Bonds** and **Holders** shall be construed accordingly.

REDEMPTION OF BONDS

- The Bonds will be redeemed at their Principal Amount (to the extent of the amount unpaid as of the Maturity Date) plus premium (if any) and Coupon (where applicable) on the Maturity Date, (or earlier at the option of the Issuer or the Holders if so provided in the relevant Series Trust Deed).
- The mode and terms of redemption of the Bonds will be as stated in the relevant Series Trust Deed and in accordance with Condition 4 (*Redemption, Purchase and Options*).
- The Trustees shall not be required to take any steps to ascertain whether an Event of Default, or any other event which could lead to the exercise of a Put Option (as defined in Condition 4 (*Redemption, Purchase and Options*)) has occurred and shall not be liable for omitting to take any such steps.

FEES, DUTIES AND TAXES

Unless otherwise stated in the Shelf Prospectus and the relevant Supplementary Shelf Prospectus/Pricing Supplement, the Issuer shall pay any stamp, issue, registration, documentary and other similar fees, duties and taxes, including receipted expenses, interest and penalties, payable on or in connection with (a) the execution and delivery of this Deed; (b) the constitution and issuance of the Bonds; (c) any action taken by or on behalf of the Trustees or (where permitted under this Deed so to do) any Holder to enforce this Deed; and (d) agreed professional and other statutory fees incurred in connection with the establishment of the Programme.

COVENANT OF COMPLIANCE

- The Issuer, the Sponsor and the Trustees covenant with each other that they will comply with, perform, and observe all the provisions of this Deed which are binding on them. The Trustees shall hold the benefit of this covenant upon trust for themselves and the Holders.
- The Conditions shall be binding on the Issuer, the Trustees and the Holders. The Trustees shall hold the benefit of this covenant upon trust for themselves and the Holders.

CANCELLATION OF BONDS AND RECORDS

- The Issuer shall procure that all Certificates of Bonds: (i) redeemed or (ii) purchased by or on behalf of the Issuer, or (iii) which, being mutilated or defaced, have been surrendered and replaced, or (iv) lost or stolen, and replaced; may be cancelled by or on behalf of the Issuer and a certificate or statement stating:
 - the aggregate Principal Amount of Bonds which have been redeemed;

- the serial numbers of such Bonds;
- the aggregate nominal amount of Bonds (if any) which have been purchased by or on behalf of the Issuer or any Subsidiary of the Issuer (if any) and cancelled;

shall be given to the Trustees by the Registrar on behalf of the Issuer as soon as reasonably practicable and in any event, within two (2) Months after the date of such redemption, purchase, payment, exchange or replacement (as the case may be). The Trustees may accept such certificate as conclusive evidence of redemption, purchase or replacement *pro tanto* of the Bonds or of cancellation of the Bonds.

- The Issuer shall procure: (a) that the Registrar shall keep a full and complete record of all Bonds and of their redemption or purchase by or on behalf of the Issuer or any Subsidiary of the Issuer (if any), any cancellation or any payment (as the case may be) and of all replacement Bonds issued in substitution for lost, stolen, mutilated, defaced or destroyed Bonds; (b) that the Registrar shall with regards to interest bearing Bonds, retain a list of Holders to whom interest was paid; and (c) that such records shall be made available to the Trustees within the period stated in Clause 10.1 above.

APPLICATION OF MONIES

- All monies received by the Trustees from the Issuer and/or the Sponsor under this Deed shall, be apportioned *pari passu* and rateably between each Tranche or Series of the Bonds, and all monies received by the Trustees under this Deed from the Issuer shall be held by the Trustees upon trust to apply them in the following order of priority:
 - **FIRSTLY**, in payment or satisfaction of all amounts then due and unpaid under Clause 18.1 to the Trustees and/or any Appointee;
 - **SECONDLY**, in or towards payment *pari passu* and rateably of the aggregate Principal Amount and Coupon then due and unpaid in respect of the Bonds of that Series or Tranche;
 - **THIRDLY**, in or towards payment *pari passu* and rateably of the aggregate Principal Amount and Coupon then due and unpaid in respect of the Bonds of other Series or Tranche; and
 - **FOURTHLY**, in payment of 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 any other person).

Without prejudice to this Clause 11, any monies which represent the Principal Amount or Coupon in respect of Bonds which have become void or in respect of which claims have been prescribed under Condition 8 (*Prescription*), shall be repaid to the Issuer.

ENFORCEMENT

The rights and duties of the Trustees, and the rights and duties of the Holders in respect of the Bonds as to recovery of amounts owing on the Bonds upon the occurrence of an Event of Default or the enforcement of the provisions of this Deed are set out in Condition 10 (*Enforcement*).

INVESTMENT BY TRUSTEES

- Subject to the provisions of each Series Trust Deed, if the amount of the monies at any time available in the Designated Accounts for the payment of the Principal Amount, premium (if any) and Coupon (where applicable) on the Bonds of any Series or Tranche shall be less than ten per cent (10%) of the amount due and payable on the Bonds, the Trustees may at their discretion, pending payment, invest such monies in Permitted Investments or place such monies in some or one of the deposits hereinafter authorised for such periods as it may consider expedient with power from time to time at the like discretion to vary such deposits and to accumulate such deposits and the resulting interest and other income derived therefrom until such accumulated deposits shall amount to ten per cent (10%) of the amount due and payable under the Bonds and then the accumulated deposits shall be applied in the settlement of amounts due on or in respect of the Bonds of the relevant Series or Tranche and in the payment of all amounts due and unpaid to the Trustees.
- All interest and other income deriving from such deposits shall also be applied in payment or satisfaction of all amounts then due and payable to the Trustees and/or any Appointee, otherwise held for the benefit of, and paid to the Holders of such Series or Tranche as the case may be, in accordance with Clause 11. Subject to the selection criteria, if any bank selected is a subsidiary, holding or associated company of the Trustees, it need only account for an amount of interest equal to the amount of interest which would, at then current rates, be payable by it on similar deposits by the bank's other customers which it deals with on an arm's length basis.
- Any amount remaining after the application by the Trustees of the interest and other income deriving from such deposits under this Clause 13.2 shall be deposited in the Designated Accounts for the purpose of the payment of the Principal Amount, premium (if any) and Coupon (where applicable) on the Bonds of any Series or Tranche.
- Subject to this Clause 13, any monies subject to the trusts under this Deed which at any given time are not required for the discharge of any obligations hereunder within the five (5) days immediately following a Coupon Payment Date may be invested by the Trustees in the name or under the control of the Trustees in Permitted Investments.
- The Trustees shall select Permitted Investments in accordance with prudent investment standards, which shall be safe liquid investments capable of meeting the payment obligations of the Issuer. The Trustees shall not be liable for making any investment in accordance with the provisions of this Deed or any loss resulting from such investment so made, except for its own negligence, misconduct, insider or self-dealing constituting a breach of trust under the Trustees Act, the ISA or any other applicable law.
- **Statement of Investment Principles**

The Trustees undertake to invest the monies available in the Designated Accounts in accordance with, and based on, the approved portfolio allocation as set out in the relevant Series Trust Deed.

PARTIAL PAYMENTS

Upon any payment other than payment in full against surrender of Bonds of a Series or Tranche, the CSD Statement of Account in respect of which such payment is made shall be produced to the Trustees or the Registrar by or through whom such payment is made and the Trustees shall cause the Registrar to ensure that the CSD Statement of Account and records of the Holder are updated to reflect the partial redemption, but the Trustees may in any particular case or generally in relation to the Bonds dispense with such obligation upon such indemnity being given by the Holder as the Trustees shall think sufficient.

UNDERTAKINGS OF THE SPONSOR AND THE ISSUER

- The Sponsor undertakes to the Trustees, that so long as the Issuer has any actual or contingent liability to the Trustees or the Holders, the Sponsor shall not exercise any of the following rights which it may at any time have, whether by reason of performance by the Sponsor of its obligations under this undertaking or otherwise:
 - (i) the right to be indemnified by the Issuer or to claim payment of any money which may be owing or incurred by the Issuer to the Sponsor on any account whatsoever (save as it relates to the Notes), or exercise any other right, claim or remedy in respect of such money;
 - (ii) the right to prove in the Issuer's winding up or insolvency; or
 - (iii) the right to participate in any security held, or money received, by the Trustees on account of the payment obligations and the liability of the Sponsor under this Deed shall not be reduced or discharged by any amount held by the Trustees on account for the Issuer.
- The Sponsor undertakes to the Trustees, that so long as the Issuer has any actual or contingent liability to the Trustees or the Holders, none of the events set out below shall discharge the liabilities or the obligations of the Sponsor under this Deed or any of the Programme Documents, or impair the rights, powers and remedies of the Trustees under this Deed:
 - (i) any amalgamation, consolidation, merger or reconstruction by or between the Trustees and any other person or any sale or transfer of the whole or any part of the assets of any of the Trustees to any other person (including any rights under this Deed);
 - (ii) the winding-up, dissolution, liquidation, administration, bankruptcy or reorganisation of the Issuer or any change in its constitution, status, function, control or ownership;
 - (iii) any amendment to, or variation, waiver or release by operation of law of any of the payment obligations or any other security or guarantee for the payment obligations;

- (iv) the existence of any claim or set-off or other rights which the Sponsor may have against the Issuer, the Trustees or any other person;
 - (v) the grant by the Trustees to the Issuer of any waiver or the withdrawal or restriction by the Trustees of any waiver or the absence of any notice to the Sponsor of any such granting, withdrawal or restriction;
 - (vi) any failure by the Trustees to realize, or to fully realize, the value of, or any release, discharge, exchange or substitution of, any security (including this undertaking) taken in respect of the Issuer's obligations;
 - (vii) the existence, whether known to the Trustees or not, of a default under this Deed or a Series Trust Deed, any time or other indulgence being granted or being agreed to be granted to the Issuer or any other person, in respect of its obligations under or pursuant to or under any other security or any arrangement or compromise entered into by the Trustees with the Issuer or any other person;
 - (viii) any of the obligations of the Sponsor or any other person under this Deed or Series Trust Deed, or security taken in respect of any of the obligations of the Issuer being or becoming illegal, invalid, unenforceable, impaired or ineffective in any respect; or
 - (ix) any other act, event or omission which might operate to discharge, impair or otherwise affect any of the obligations of the Sponsor under this Deed or any of the rights, powers or remedies conferred upon the Trustees by this Deed or by law.
- The Issuer hereby transfers absolutely and unconditionally to the Trustees, for the benefit of themselves and the Holders, all the rights, interests and benefits, both present and future, whether proprietary, contractual or otherwise which have accrued or may accrue to the Issuer under or pursuant to the Notes (including, without limitation, the right to declare the Notes immediately due and payable, and to take proceedings to enforce the obligations of the Sponsor thereunder).
 - Both the Sponsor and the Issuer hereby irrevocably and unconditionally undertake to the Trustees:
 - the due and punctual payment in accordance with this Deed of the principal of and interest on all Bonds and of any other amounts payable by the Issuer under this Deed; and
 - the due and punctual performance and observance by the Issuer of each of the other provisions of this Deed to be performed or observed by the Issuer.

If, any payment received by the Trustees or any Holder from the Issuer pursuant to the provisions of this Deed in relation to the Bonds shall (whether on the subsequent bankruptcy, insolvency or corporate reorganisation of the Issuer or, without limitation, on any other event) be avoided or set aside for any reason, such payment shall not be considered as discharging or diminishing the liability of the Sponsor and this undertaking shall continue to apply as if such payment had at all times remained owing by the Issuer, and the Sponsor shall indemnify the Trustee and the Holders in respect thereof.

- Unless otherwise specified in the Series Trust Deed, the Sponsor hereby agrees that its obligations hereunder shall be unconditional and that the Sponsor shall be fully liable irrespective of the validity, regularity, legality or enforceability against the Issuer of, or of any defence or counter-claim whatsoever available to the Issuer in relation to its obligations under this Deed, whether or not any action has been taken to enforce the same or any judgment obtained against the Issuer, whether or not any of the other provisions of this Deed have been modified, whether or not any time, indulgence, waiver, authorisation or consent has been granted to the Issuer by or on behalf of the Holders or the Trustees, whether or not any determination has been made by the Trustees pursuant to Condition 9 (*Events of Default*), whether or not there have been any dealings or transactions between the Issuer, any of the Holders or the Trustees, whether or not the Issuer has been dissolved, liquidated, merged, consolidated, bankrupted or has changed its status, functions, control or ownership, and whether or not any other circumstances have occurred which might otherwise constitute a legal or equitable discharge of or defence to the Sponsor arising under this Clause 15. Accordingly, the validity of this undertaking shall not be affected by reason of any invalidity, irregularity, illegality or unenforceability of all or any of the obligations of the Sponsor under this Deed and this undertaking shall not be discharged nor shall the liability of the Sponsor under this Deed be affected by any act, thing or omission or means whatsoever whereby its liability would not have been discharged if it had been the principal obligor under the Bonds.

- Without prejudice to the provisions of Clause 22 (*Trustees Not Bound to Enforce Covenants*), the Trustees may determine from time to time whether or not they will enforce this undertaking without making any demand of or taking any proceedings against the Issuer and may from time to time make any arrangement or compromise with the Sponsor in relation to this undertaking which the Trustees may consider expedient in the interests of the Holders.

- The Sponsor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of dissolution, liquidation, merger or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest or notice with respect to the Bonds or the indebtedness evidenced thereby and all demands whatsoever and hereby covenants that this undertaking shall be a continuing undertaking until the complete performance of the obligations contained in this Deed in relation to the Bonds and shall be additional to, and not instead of, any security or other undertaking, guarantee or indemnity at any time existing in favour of any person, whether from the Sponsor or otherwise.

- The Sponsor shall indemnify the Trustees with or without demand, from and against any loss, cost, expense or liability of any kind that may be incurred by the Trustees, or brought against the Trustees as a result of the Issuer failing to perform its payment obligations under this Deed duly and punctually pursuant to any default on the Notes, or as a result of any of the obligations being or becoming void, voidable, unenforceable or ineffective against the Issuer for any reason whatsoever, whether known to the Trustees or not.

- If any monies shall become payable by the Sponsor under this undertaking, the Sponsor shall not, so long as the same remain unpaid, without the prior written consent of the Trustees:
 - (i) in respect of any amounts paid by it under this undertaking, exercise any rights of subrogation or contribution or, without limitation, any other right or remedy which may accrue to it in respect of or as a result of any such payment; or

- (ii) in respect of any other moneys for the time being due to the Sponsor by the Issuer, claim payment thereof or exercise any other right or remedy;

(including in either case claiming the benefit of any security or right of set-off or, on the liquidation of the Issuer, proving in competition with the Trustees). If, notwithstanding the foregoing, upon the Winding up of the Issuer, any payment or distribution of assets of the Issuer of any kind or character, whether in cash, property or securities, shall be received by the Sponsor before payment in full of all amounts payable under this Deed shall have been made to the Holders, such payment or distribution shall be received by the Sponsor on trust to pay the same over immediately to the Trustees for application in or towards the payment of all sums due and unpaid under this Deed in accordance with Clause 11.

- Until all amounts which may be or become payable by the Issuer under this Deed have been irrevocably paid in full, the Trustees may:
 - refrain from applying or enforcing any other monies, security or rights held or received by the Trustees in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise), and the Sponsor shall not be entitled to the benefit of the same; and
 - hold in a suspense account any monies received from the Sponsor or on account of the Sponsor's liability under this undertaking, without liability to pay interest on those moneys but will be liable to account for any moneys if any interest accrues thereon.
- The Sponsor shall pay interest to the Trustees on all sums demanded under this Deed, from the date of the Trustee's demand under this Deed or, if earlier, the date on which the relevant loss, cost or expenses arose in respect of which such demand has been made, in each case until, but excluding, the date of actual payment (after as well as before judgment). All such interest shall accrue on a day-to-day basis and be calculated by the Trustees on the basis of the day count fraction and at the interest rate/coupon rate specified in the applicable Supplementary Shelf Prospectus/Pricing Supplement.

COVENANTS OF THE ISSUER

- The Issuer covenants and agrees that:
 - it shall, as and when the Bonds of any Series or Tranche or any instalment of principal in respect thereof becomes due to be redeemed, or on such earlier date as the same or any part thereof may become due and repayable thereunder, in accordance with the Conditions, unconditionally pay or procure to be paid to or to the order of the Trustees, in accordance with the relevant Series Trust Deed, in immediately available funds, the principal amount in respect of the Bonds of such Series or Tranche or the amount of such instalment becoming due for redemption on that date and shall in the meantime and until redemption in full of the Bonds of such Series or Tranche (both before and after any judgment or other order of a court of competent jurisdiction), unconditionally pay or procure to be paid to or to the order of the Trustees as aforesaid, interest (which shall accrue from day to day) on the nominal amount of the Bonds outstanding of such Series

or Tranche at rates and/or in amounts calculated from time to time in accordance with, or specified in, and on the dates provided for in, the relevant Supplementary Shelf Prospectus/Pricing Supplement.

- save for transactions involving an internal restructuring or an arrangement necessitated by any law or regulation, wherein prior notification to the Trustees will suffice, it shall not without the prior written consent of the Trustees (which consent may only be withheld by the Trustees if it is of the reasonable opinion that to do so will be materially prejudicial to the interests of the Holders) consolidate with or merge into any other Person (or enter into any transaction whose effect would be similar to that of a merger or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its property and assets to any Person by one or more transactions or series of transactions (whether related or not) (any such consolidation or merger (or transaction whose effect would be similar to that of a merger) and any such transaction or series of transactions, a “consolidation” or “merger”) if such consolidation or merger would have a Material Adverse Effect, unless:
 - ...1 the Issuer shall be the continuing Person or the successor Person (as a result of such consolidation or merger), shall be a corporation organised and validly existing under the laws of Nigeria, and shall expressly assume by a supplemental trust deed to this Deed in form and substance satisfactory to the Trustees, all of the obligations of the Issuer under this Deed;
 - ...2 immediately before and after giving effect to such consolidation or merger, no Potential Event of Default or Event of Default shall have occurred and be continuing;
 - ...3 a Rating Reaffirmation is obtained in respect of such merger or consolidation or transfer of assets, as the case may be; and
 - ...4 the Issuer or such successor Person, as the case may be, shall have delivered to the Trustees, a certificate signed by two of its directors stating the consolidation or merger complies with the provisions of Clauses 16.1.2.1 to 16.1.2.3 above.
- it shall faithfully perform at all times, any and all covenants including covenants set out in Condition 3 (*Covenants*) of Schedule 3, undertakings, stipulations and provisions on its part to be performed as provided in this Deed and in the relevant Series Trust Deed for every issue of Bonds of any Series or Tranche executed and delivered hereunder and in all proceedings of the Issuer pertaining thereto.
- it shall pay the Trustees such fees as may be agreed between the Parties, and reimburse the Trustees, for all agreed reasonable and proper out of pocket costs and expenses as they may incur in connection with the performance of their duties under this Deed including the agreed costs for convening and holding meetings of Holders.
- it shall advise the Trustees immediately upon the occurrence of an event which it is aware or ought reasonably to be aware of constituting a Force Majeure Event, the steps being taken and proposed to be taken by the Issuer in relation to such event and the date on which that Force Majeure Event no longer exists; Provided that such event will only be accepted by the Trustees as a Force Majeure Event where it is reasonably satisfied that such event impedes the Issuer’s ability to discharge its obligations under this Deed, or in relation to the Bonds, and the Issuer has deployed all reasonable efforts which are consistent with

accepted practices to resume performance of its obligations as soon as practicable under the circumstances.

- So long as any of the Bonds remains outstanding, the Issuer shall:
 - at all times carry on and conduct its affairs in a proper and diligent manner;
 - procure that the rating of the Issuer and the Bonds be reviewed annually by a rating agency duly registered with the SEC as may be required under the ISA and SEC Rules;
 - give or procure to be given to the Trustees such opinions, certificates and information as they shall reasonably require and in such form as they shall reasonably require for the purpose of the discharge or exercise of the duties, trusts, powers, authorities and discretions vested in them under this Deed or by operation of law;
 - at all times keep books of account and upon reasonable notice, allow the Trustees and any Appointees to whom the Issuer shall have no reasonable objection, free access to such books of account at all reasonable times during normal business hours;
 - send to the Trustees (in addition to any copies to which the Trustees may be entitled as a holder of any securities of the Issuer) two (2) copies in English language of every report, circular and notice of general meeting and every other document issued or sent to its shareholders within ten (10) Business Days after the issue or publication thereof;
 - forthwith give notice in writing to the Trustees of the coming into existence of any Security Interest which would require any security to be given to the Bonds pursuant to the applicable Series Trust Deed or of the occurrence of any Event of Default or any Potential Event of Default;
 - send to the Trustees within five (5) Business Days copies of every financial report, (including its annual accounts, semi-annual accounts and quarterly accounts) sent to The NSE, the FMDQ (where applicable) and the SEC in accordance with the timelines prescribed by The NSE, FMDQ and the SEC;
 - within five (5) Business Days after a demand in writing by the Trustees provide a certificate in or substantially in the form set out in Schedule 4 (*Form of Directors' Certificate*) signed by two (2) of its Directors to the effect that as at a date not more than five (5) Business Days before delivering such certificate (the relevant certification date) there did not exist and had not existed since the relevant certification date of the previous certificate (or, in the case of the first such certificate, the date hereof) any Event of Default or any Potential Event of Default (or if such exists or existed specifying the same) and that during the period from and including the relevant certification date of the last such certificate (or, in the case of the first such certificate, the date hereof) to and including the relevant certification date of such certificate that it has complied with all its obligations contained in this Deed;
 - at all times execute all such further documents, and perform all acts and things as may be reasonably necessary at any time or times in the reasonable opinion of the Trustees for the purpose of discharging their functions under, or giving effect to, this Deed;

- at all times ensure that the Registrar maintains a Register in accordance with this Deed and the Conditions;
- use its best endeavours to maintain the quotation or Listing on the relevant Stock Exchange of those of the Bonds which are quoted or listed or, if it is unable to do so having used such endeavours, use its best endeavours to obtain and maintain a quotation or Listing of such Bonds on such other stock exchange or exchanges or securities market or markets as the Issuer may decide and also upon obtaining a quotation or Listing of such Bonds issued by it on such other stock exchange or exchanges or securities market or markets enter into a trust deed supplemental to this Deed to effect such consequential amendments to this Deed as the Trustees may require or as shall be requisite to comply with the requirements of any such stock exchange or securities market;
- give notice to the Holders, the Trustees and the SEC of the appointment, resignation or removal of the Registrar (other than the appointment of the initial Registrar) at least thirty (30) days prior to such event taking effect; provided always that so long as any of the Bonds remain outstanding in the case of the termination of the appointment of the Registrar, no such termination shall take effect until a new Registrar has been appointed by the Issuer on terms previously approved in writing by the Trustees, provided that the Trustees shall not be required to approve the fees payable to the Registrar;
- send to the Trustees, not less than ten (10) days or such other shorter notice as may be agreed by the Trustees and Issuer, prior to which any such notice is to be given, the form of every notice to be given to the Holders and obtain the prior written approval of the Trustees to, and promptly give to the Trustees, two copies of the final form of every notice to be given to the Holders;
- in order to enable the Trustees ascertain the nominal amount of the Bonds of each Series for the time being outstanding for any of the purposes referred to in the proviso to the definition of Outstanding in Clause 1.40, deliver to the Trustees within ten (10) Business Days upon being so requested in writing by the Trustees, a certificate in writing signed by two of its Directors or other authorised signatories, setting out the total number and aggregate nominal amount of the Bonds of each Series or Tranche issued which:
 - (i) up to and including the date of such certificate have been purchased by the Issuer, any Subsidiary of the Issuer (if any), any holding company of the Issuer or any other Subsidiary of such holding company, and cancelled; and
 - (ii) are at the date of such certificate held by, for the benefit of, or on behalf of, the Issuer, any holding company of the Issuer or any other Subsidiary of such holding company;
- give prior notice to the Trustees of any proposed redemption and, if it shall have given notice to the Holders of its intention to redeem any Bonds, duly proceed to redeem the Bonds accordingly.

COVENANTS OF THE SPONSOR

The Sponsor hereby covenants with the Trustees that, so long as any of the Bonds remain outstanding, it will duly perform and comply with the obligations expressed to be undertaken by it as set out below and in the Notes.

- The Sponsor shall provide to the Trustees and the Rating Agency:
 - as soon as same are available (and in any event within ninety (90) days of the end of the Sponsor's financial year), the audited consolidated financial accounts of the Sponsor for each financial year;
 - as soon as same are available (and in any event within thirty (30) days of the end of the first six (6) months of the Sponsor's financial year), the unaudited consolidated financial accounts of the Sponsor for those six (6) months; and
 - an annual Directors' Certificate in or substantially in the form set out in the Schedule 4 (*Directors' Certificate*) certifying as to the absence of any Event of Default or, if there is an Event of Default, describing the action the Sponsor is taking or proposes to take to remedy the same.
- The Sponsor shall permit its Auditors to communicate directly with the Trustees or their Appointees following the occurrence and during the continuance of an Event of Default.
- The Sponsor shall:
 - ensure that the Issuer duly performs and complies with the obligations expressed to be undertaken by it as set out in the Programme Documents and in respect of the Bonds; and
 - comply in all material respects with all applicable laws, rules, regulations and licenses unless failure to perform such obligations or comply with such terms and conditions would not reasonably be expected to have a Material Adverse Effect.
- The Sponsor shall not (i) merge or consolidate with any other person, or (ii) directly or indirectly transfer to any person all or substantially all of its properties or assets as an entirety in one or more related transactions unless such person assumes the Sponsor's obligations under the Programme Documents and:
 - no Event of Default would occur or be reasonably expected to occur as a result of such merger or consolidation or transfer of assets, as the case may be; and
 - a Rating Reaffirmation is obtained in respect of such merger or consolidation or transfer of assets, as the case may be.
- For so long as any of the Notes remain outstanding, the Sponsor shall not create or permit to subsist any charge, mortgage, lien, pledge or other security interest upon any of its assets or any other property or any other indebtedness guaranteed by it, without the prior written consent of the Trustees (such consent not to be unreasonably withheld). Where the Trustees so consent in relation to the Notes, the Sponsor shall at the same time as the creation of such indebtedness grant to the

Trustees (for the benefit of the Holders) the same or equivalent security as is granted in relation to the indebtedness.

- The Sponsor shall insure and keep insured to the satisfaction of the Trustees and to the full replacement value thereof all such parts of its assets as are of an insurable nature against loss or damage by fire, explosion, lightning, storm, tempest, flood (where appropriate), aircraft and things dropped therefrom and such other risks as in accordance with sound commercial practice are normally insured against by companies carrying on a similar business in one or more insurance offices of repute and shall produce the policies of such insurance (or evidence of renewal thereof) to the Trustees if required and duly pay or cause to be paid the premiums and other sums of money payable in respect of all such insurance and if required, produce to the Trustees the receipt for the same within seven (7) days of the same being requested by the Trustees.

REMUNERATION AND INDEMNIFICATION OF TRUSTEES

- The Issuer and or the Sponsor shall during the continuance of this Deed and until the trust hereof shall be finally wound up, pay to the Trustees both the engagement fee and annual remuneration for each Series or Tranche for their services as Trustees as from the completion date of each Series or Tranche, such remuneration to be at such rate and to be paid on such dates as may from time to time be agreed between the Issuer and the Trustees in a separate fee letter. Provided that such fee and remuneration shall not exceed the maximum fees prescribed in the SEC Rules (expressed as a percentage cap of the size of an offer).
- Where the occurrence of an Event of Default or a Potential Event of Default requires or where the Trustees consider it expedient or necessary or are requested by the Issuer to undertake duties which the Trustee considers to be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustees under this Deed, the Issuer and/or the Sponsor shall pay to the Trustees such additional remuneration as shall be agreed between them in a separate fee letter.
- The Issuer shall in addition pay to the Trustees an amount equal to the amount of any VAT or similar tax chargeable in respect of the Trustees' remuneration under this Deed, provided that it is understood that the Issuer shall deduct applicable withholding tax from all remuneration referred to in this Clause 18.
- In the event of the Trustees and the Issuer failing to agree:
 - upon the amount of the remuneration as contemplated in Clause 18.2; or
 - upon whether such duties shall be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustees under this Deed, such matters shall be determined by an investment bank or person (acting as an expert and not as an arbitrator) selected by the Trustees and approved by the Issuer or, failing such approval, nominated (on the application of the Trustees 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/or the Sponsor) and the determination of any such person shall be final and binding upon the Trustees and the Issuer.

- The Issuer and/or the Sponsor shall also pay and discharge all Liabilities reasonably incurred by the Trustees in relation to the preparation and execution of the Programme Documents, and the exercise of its powers and the performance of its duties hereunder including any appointment made pursuant to this Deed, and in any other manner in relation to this Deed, including but not limited to reasonable travelling expenses and any stamp, issue, registration, documentary and other taxes or duties paid or payable by the Trustees in connection with any action taken by or on behalf of the Trustees for enforcing this Deed; Provided that the Trustees shall seek and obtain the prior written consent of the Issuer to incur any such Liabilities in excess of an aggregate sum of ₦200,000.00 (Two Hundred Thousand Naira) in any one (1) calendar year; unless such expense is incurred for the purposes of enforcing the provisions of this Deed against the Issuer upon the occurrence of an Event of Default, in which case such consent shall not be required.
- All amounts payable under this Clause shall be payable by the Issuer and/or the Sponsor within twenty-one (21) Business Days from the date of the written demand by the Trustees.

ESTABLISHMENT OF DESIGNATED ACCOUNTS

- Unless otherwise stated in any Series Trust Deed, the Issuer shall, not later than fifteen (15) Business Days before the first Coupon Payment Date for each Tranche or Series of Bonds, open a Designated Account, no matter the name called under the relevant Series Trust Deed, in the name of the Trustees into which the Issuer shall pay, or procure the payment of, at least three (3) Business Days before a Coupon Payment Date, Instalment Date (as defined in Condition 4 of Schedule 3) or Maturity Date ("**Funding Date**") all monies due under the relevant Tranche or Series of Bonds at the time to the Holders. Each Series Trust Deed shall specify how the relevant Designated Account will be funded.
- The Trustees shall at the expense of the Issuer notify the Issuer and the Sponsor:
 - at least five (5) Business Days before a Funding Date of an impending Funding Date;
 - if it has not by close of business on the Funding Date received the full amount required for payment to the Holders, that it has not received the said amount; and
 - if it has received the full amount of any sum payable in respect of the Bonds.

POWERS, RIGHTS, DUTIES AND RELIEFS OF THE TRUSTEES

- Subject to the provisions of this Deed, the Trustees shall enjoy all powers, reliefs, and indemnities of a trustee preserved under all applicable laws for the time being in force.
- The Trustees shall have the power to do any act in accordance with this Deed, the relevant Series Trust Deed, the ISA, SEC Rules and any applicable law which shall be on behalf of and for the benefit of the Holders.
- The Trustees shall have the following duties and responsibilities:

- To act in accordance with the provisions of this Deed, the relevant Series Trust Deed, the ISA, SEC Rules and any applicable law and safeguard the rights of the Holders as relate to the Issuer's obligations under the Programme;
- To summon, as and when necessary, meetings of all Holders of a Tranche or Series whereat a statement of affairs on the management of any funds standing to its credit on behalf of the Holders shall be presented, and or any other necessary business and or matter shall be presented and determined. A meeting shall be convened by the giving of at least twenty-eight (28) clear days' written notice to all Holders (specifying the date, venue, time and agenda at the meeting), and the said notice shall also be published in at least two (2) national newspapers. The procedure of, and regulations for, such a meeting of the Holders shall be in accordance with Schedule 1 of this Deed;
- Not to enter into contracts or other arrangements that would amount to a Conflict of Interest in the performance of their obligations under this Deed, or any other customary obligations of a trustee.
- Prior to an Event of Default and after the curing or waiving of all Events of Default which may have occurred, the Trustees shall not be liable except for the performance of such duties as specifically set down herein.
- The Trustees shall have no Liability for any act or omission to act hereunder, or under any other instrument or document executed pursuant hereto except for the Trustees' negligence and misconduct.
- The duties and obligations of the Trustees shall be determined solely by the express provisions hereof, and no implied powers, duties or obligations of the Trustees, save as mandated by the ISA, SEC Rules or any other applicable law, shall be construed into this Deed.
- Upon the occurrence of an Event of Default, the Trustees shall subject to the provisions of this Deed, exercise such rights and utilise such powers vested in them under this Deed, the ISA and the SEC Rules and shall use the required degree of care and skill in the exercise of their duties.
- The Trustees shall have no duty, responsibility or obligation for the issuance of Bonds or for the validity or exactness thereof, or of any document relating to such issuance.
- The Trustees shall have no duty, responsibility or obligation for the payment of Bonds except in accordance with the terms and provisions hereof or any Series Trust Deed.
- The Trustees shall not be required to expend or risk their own funds or otherwise incur any liability in the performance of their duties or in the exercise of their rights or powers as trustee, except such liability as may result from their negligence and/or misconduct.
- Notwithstanding any other provisions hereof, the Trustees shall have no Liability for (a) an error of judgment made in good faith by a Responsible Officer, unless it shall be proved that both or either of the Trustees was negligent in ascertaining the pertinent facts, provided always that any

resulting Liability shall be borne by the Trustee in default; or (b) an action taken or omitted to be taken by them in good faith in accordance with the lawful direction of the Holders of not less than a simple majority in Principal Amount of Bonds then outstanding.

- It is hereby expressly agreed and declared as follows:
 - The Trustees, acting reasonably and in good faith, may in relation to this Deed, act on the opinion or advice of, or any information from any solicitor, valuer, surveyor, broker, auctioneer, accountant, or other expert, whether obtained by the Issuer, Sponsor or by the Trustees, and shall not be responsible for any loss occasioned by their reliance on such opinion, advice or information; provided however that the Trustees have exercised due care and diligence in relying on any such advice, opinion or information; and any such advice, opinion or information may be obtained or sent by letter or electronic mail.
 - Unless otherwise stated in the Series Trust Deed, the Trustees shall not be responsible for the monies paid by Holders for the Bonds or be bound to see to and or monitor the application thereof.
 - Save as herein otherwise provided, the Trustees shall not be bound to take any steps to ascertain whether any event has happened upon the occurrence of which any Tranche or Series of Bonds may be declared immediately repayable.
 - The Trustees shall not be responsible for having acted upon any resolution passed at a duly convened, properly constituted meeting of the Holders 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 with the effect that the resolution was not valid or binding upon the Holders, except where the Trustees had prior knowledge of such defect; in which case the Trustees shall become liable for such acts.
 - Without prejudice to the right of indemnity conferred by law on the Trustees, the Trustees and every Appointee shall be entitled to be indemnified by the Issuer and the Sponsor in respect of all liabilities and agreed expenses incurred by them in the execution of the powers and trusts hereof or of any powers, authorities or discretions vested in them pursuant to this Deed; provided that the Trustees and such Appointee have not been fraudulent, negligent or acted in default of their powers.
 - The Trustees shall not be liable for any act pursuant to or under this Deed, save only for the Trustees' negligence and misconduct and any breach of trust committed by them; provided that nothing contained in this clause shall exempt the Trustees from or indemnify them against any liability for breach of trust where the Trustees fail to show the degree of care and diligence required of them, having regard to the provisions hereof conferring on the Trustees, several powers, authorities and discretions.
 - The Issuer and/or the Sponsor shall reimburse the Trustees, in so far as may be lawful, in respect of all agreed costs and expenses incurred by the Trustees in relation to or arising out of any application made to any court by the Trustees or any of the Holders for an order that the trust hereof may be carried out under the direction of the court or

for an order or declaration relating to the administration of the trust hereof or the enforcement of the rights hereunder of the Trustees or the construction of this Deed.

- In the absence of bad faith and negligence on the part of the Trustees, the Trustees may conclusively rely upon and shall be protected in acting or refraining from acting upon any document, including but not limited to any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order or other paper or document reasonably believed by it to be genuine and to have been signed or presented by proper officials of the Issuer relating to any matter primarily within the knowledge of the Issuer, the Holders or agents or attorneys of the Holders, as sufficient evidence thereof; provided that in the case of any such document specifically required to be furnished to the Trustees hereby, the Trustees shall be under a duty to examine the same to determine whether it conforms to the requirements thereof. The Trustees shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, or other paper or document submitted to the Trustees; provided however that the Trustees, in their discretion, may make such further inquiry or investigation into such facts or matters as they may deem prudent.
- Any certificate or report of the Auditors or any other person called for by or provided to the Trustees (whether or not addressed to the Trustees) in accordance with or for the purposes of this Deed may be relied upon by the Trustees as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Trustees in connection therewith contains a monetary or other limit on the liability of the Auditors or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by any engagement or similar letter or by the terms of the certificate or report itself.
- The Trustees shall be entitled to assume without enquiry, in the absence of knowledge by or express notice to them to the contrary, that the Issuer and the Sponsor are duly performing and observing all the covenants and provisions herein contained which are to be performed and observed by them and it shall be at the discretion of the Trustees whether to take any action or proceedings or to enforce the performance thereof, and the Trustees shall not be bound to declare any Tranche or Series of the Bonds immediately repayable or to take any steps to enforce payment thereof or any of the provisions of this Deed unless and until in any of such cases the Trustees are required to do so in writing by the registered Holders of at least three quarters ($\frac{3}{4}$) of the nominal value of the Bonds or by a Special Resolution passed at a duly convened meeting of Holders; Provided that the Trustees shall in any case inform the Holders of the happening of any Event of Default that comes to their knowledge.
- The Trustees in the exercise of the powers and discretions vested in them pursuant to this Deed shall comply with the provisions of the ISA, SEC Rules and any other applicable law.

TRUSTEES' LIABILITY

- Nothing in this Deed shall in any case in which the Trustees have failed to show the degree of care and diligence required of them as trustees having regard to the provisions hereof conferring on them any trusts, powers, authorities or discretions exempt the Trustees from or indemnify them against any liability for breach of trust in relation to their duties under the provisions of this Deed.
- The Trustees will be liable for a breach of their duties where they fail to carry out their responsibilities under this Trust Deed or report a breach of the terms of this Trust Deed to the SEC provided that the Trustees shall notify the Issuer in writing within twenty-one (21) days prior to reporting such breach to the SEC and shall give the Issuer the opportunity to remedy the breach within the twenty-one (21) days in the absence of any other provision in this Deed for the rectification of such breach.

TRUSTEES NOT BOUND TO ENFORCE COVENANTS

The Trustees may but shall not be bound (unless requested to do so in writing by the Holders holding not less than two-fifths of the nominal value of the Bonds for the time being outstanding or by a Special Resolution) to enforce or take any step to enforce the covenants in Clause 16 (*Covenants of the Issuer*) and/or Clause 17 (*Covenants of the Sponsor*) and (subject to any such request as aforesaid) may waive, on such terms and conditions as they shall deem expedient, any of the covenants and provisions which the Issuer or Sponsor is required to perform or observe.

TRUSTEES CONTRACTING WITH THE ISSUER

Neither the Trustees, nor any director or officer or holding company, subsidiary or associated company of a corporation acting as trustees under this Deed shall, by reason of their fiduciary position be in any way precluded from:

- entering into or being interested in any contract or financial or other transaction or arrangement with the Issuer or any person or body corporate associated with the Issuer (including without limitation any contract, transaction or arrangement of a banking or insurance nature or any contract, transaction or arrangement in relation to the making of loans or the provision of financial facilities or financial advice to, or the purchase, placing or underwriting of, or the subscribing or procuring subscriptions for or otherwise acquiring, holding or dealing with, or acting as paying agent in respect of, the Bonds or any other bonds, stocks, shares, debenture stock, debentures or other securities of the Issuer or any person or body corporate associated as aforesaid); or
- accepting or holding the trusteeship of any other trust deed constituting or securing any other securities issued by or relating to the Issuer or any such person or body corporate so associated with, or any other office of profit, under the Issuer or any such person or body corporate so associated.
- Provided always that the contract or financial or any other transaction contemplated in this Clause 23 shall not result in a Conflict of Interest.

ACCELERATION AND CROSS DEFAULTS

- Subject to Condition 9 (*Events of Default*), an Event of Default with respect to a Tranche or Series of Bonds shall not cause an Event of Default with respect to any other Tranche or Series of Bonds, unless such event or condition on its own also constitutes an Event of Default under such other Tranche or Series of Bonds.
- Upon the occurrence of an Event of Default, the Trustees at their discretion may, or if directed to do so by a Special Resolution, and in each case if indemnified to their satisfaction, give notice in writing to the Issuer, (an “**Acceleration Notice**”), declaring the Bonds to be immediately due and payable. When an Acceleration Notice is given, all Bonds will become immediately due and payable at their principal amounts outstanding together with accrued but unpaid interest without further action or formality.

REPRESENTATIONS AND WARRANTIES OF THE TRUSTEES

23.1. Each of the Trustees hereby warrants to the Issuer that:

- it is a duly incorporated company within the meaning of the CAMA;
- it is duly registered and authorised by the SEC to provide corporate trust services in Nigeria;
- it has the full power, consent and authority to enter into this Deed, exercise its rights and perform its obligations under this Deed and deliver the Programme Documents; and such authorisations and consent are in full force and effect;
- it has the resources, capacity and expertise to act on behalf of the Holders with regard to every issuance of Bonds under the Programme and it shall comply with the provisions of the ISA, SEC Rules, this Deed and the relevant Series Trust Deed in the performance of its obligations;
- it shall provide any information that the SEC or the Issuer may require in connection with its obligation to act on behalf of Holders;
- the obligations expressed to be assumed by it under this Deed are legal and valid obligations binding on it in accordance with their terms;
- it shall not allow any conflicts to occur between its obligations in connection with and under the Programme and its commercial interests; and
- it shall, at all times, adhere to the terms and conditions specified in this Deed.

REPRESENTATIONS AND WARRANTIES OF THE ISSUER AND THE SPONSOR

- As at the date of this Deed, each of the Issuer and the Sponsor hereby represents, warrants and undertakes to the Trustees (for themselves and in trust for the Holders) that it shall do all acts and things within its powers which are necessary:

- to give full effect to the Bonds, when issued as provided under the Programme Documents;
 - to establish the Bonds and Notes as valid, binding and legal obligations of the Issuer and the Sponsor respectively, according to the meaning and intent thereof; and
 - for the creation, execution and delivery of this Deed.
- As at the date of this Deed, each of the Issuer and the Sponsor hereby further represents, warrants and undertakes to the Trustees (for themselves and in trust for the Holders) that:

- **Status**

...1 It is a company, duly incorporated and validly existing under Nigerian law.

...2 It has the power to own its assets and carry on its business as it is being conducted.

- **Binding obligations**

Each of the Programme Documents has been duly executed and delivered by it and (with respect to any Bonds, upon its authentication and delivery by the Trustees) constitutes its legal, valid and binding obligation, enforceable against it (subject to corporate insolvency and similar exceptions) in accordance with its terms.

- **Approvals**

...1 It has obtained the regulatory approvals required for the establishment of the Programme and issuance of the Bonds and the Notes;

...2 Its execution and delivery of the Programme Documents and its performance of all of its obligations thereunder have been duly authorised by all necessary corporate resolutions;

- **No conflict**

The entry into and performance by it of, and the transactions contemplated by, this Deed do not and will not conflict with:

...1 any of the provisions of the CAMA, the ISA, SEC Rules or any other law or regulation applicable to it;

...2 its constitutional documents; or

...3 any agreement or instrument binding upon it or any of its assets or constitute a default under any contractual obligation, judgment, injunction, order or decree binding upon it or its assets;

- **Immunity**

Neither the Issuer nor the Sponsor nor any of its assets has any right of immunity on the ground of sovereignty or otherwise, from the jurisdiction, attachment (before or after judgment) or execution in respect of any action or proceeding relating in any way to the Programme Documents that may be brought in the courts of Nigeria or any relevant jurisdiction.

- **No proceedings pending or threatened**

Save as may be otherwise disclosed in the Shelf Prospectus or applicable Supplementary Shelf Prospectus/Pricing Supplement, no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect has (to the best of its knowledge and belief, after due and careful enquiry) been started, subsists or is threatened against it.

- **Accuracy of information**

...1 That all the information in the Programme Documents (as supplemented from time to time) that has been or will hereafter be made available to the Holders by the Issuer or the Sponsor, or any director, officer, employee or representative of the Issuer or the Sponsor, in connection with the transactions contemplated herein is and will at all times be complete and correct in all material respects and does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances under which such statements were or are made; and

...2 The Issuer and Sponsor shall immediately upon becoming aware of them, supply to the Trustees, whether or not demanded by the Trustees, details of any event which may be reasonably likely to result in a Potential Event of Default.

- **Financial Statements**

Each set of consolidated financial statements that will be delivered to the Trustees pursuant to this Deed will show with reasonable accuracy, the financial condition of the Issuer or the Sponsor (as applicable) during the period to which it relates.

- **Indebtedness**

It is neither unable nor has it admitted its inability to pay its debts as they fall due nor has it suspended making 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;

- **Taxation**

...1 It is not materially overdue in the filing of any tax returns and it is not overdue in the payment of any amount in respect of tax.

...2 No claims or investigations are being, or are reasonably likely to be made or conducted against it with respect to taxes which have or are reasonably likely to have a Material Adverse Effect.

- **No Default**

...1 No Event of Default or Potential Event of Default has occurred and is continuing.

...2 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 to which its assets are subject and which might have a Material Adverse Effect.

NEW TRUSTEES

- Subject to Clause 27.2 below, the power to appoint new trustee under the provisions of this Deed shall be vested solely in the Issuer but no person shall be appointed unless the SEC had previously been notified and has approved of such appointment and such appointment has also been approved by a Special Resolution of the Holders of the relevant Series or Tranche. Two (2) or more persons may hold office as trustees under this Deed but such trustees shall be corporate trustees registered with the SEC or any other relevant regulator. Any appointment of a new trustee under this Deed shall be made in consultation with the Trustees (without any requirement for their consent) and shall as soon as practicable thereafter be notified by the Issuer to the relevant regulator, the Registrar and the Holders.
- Without prejudice to Clause 27.1 above, the Issuer may without the consent of the Holders of an existing Series or Tranche of Bonds, appoint one or more additional trustees to act for any new Tranche or new Series as may be issued from time to time under the Programme provided that

such Tranche is not included in an existing Series and such trustee shall only act in respect to the particular Tranche or Series for which it was appointed.

- Each trustee shall be competent to execute and exercise all the duties, powers, trusts, authorities and discretions vested in the Trustees by the provisions of this Deed with regards to the particular Tranche or Series for which the trustee has been appointed.

SEPARATE AND CO-TRUSTEES

- Notwithstanding the provisions of Clause 27 above, the Trustees may, upon giving prior written notice to the Issuer and the Sponsor and upon obtaining the approval of the SEC, appoint any other trustee registered with the SEC or any other relevant regulator to act either as a separate trustee or as a co-trustee jointly with the Trustees only in the following circumstances:
 - for the purposes of conforming to any legal requirements, restrictions or conditions in any jurisdiction in which any particular act or acts is or are to be performed; or
 - for the purposes of obtaining a judgment in any jurisdiction or the enforcement in any jurisdiction of either a judgment already obtained or any of the provisions of this Deed against the Issuer or the Sponsor.
- Each of the Issuer and the Sponsor irrevocably appoints the Trustees to be its attorneys in its name and on its behalf to execute any such instrument of appointment pursuant to Clause 28.1 above. Such trustee shall (subject always to the provisions of this Deed) have such trusts, powers, authorities and discretions (not exceeding those conferred on the Trustees by these provisions) and such duties and obligations as shall be conferred or imposed by the instrument of appointment. The Trustees shall have power in like manner to remove any such trustee. Such reasonable remuneration as the Trustees may pay to any such trustee, together with any attributable Liabilities incurred by it in performing its function as a separate trustee or co-trustee, shall for the purposes of these provisions be treated as Liabilities incurred by the Trustees.

REMOVAL AND RESIGNATION OF THE TRUSTEES

- Any of the Trustees may resign as trustee at any time, by giving not less than ninety (90) days' prior written notice to that effect to the Issuer, the Sponsor, the SEC, the Holders and the other Trustee, and such resignation shall not be effective until a successor(s) to such Trustee is appointed in accordance with this Deed unless the Issuer otherwise agrees in writing; provided that the Trustee shall continue to hold the rights conferred and perform the obligations imposed on it by this Deed until it has effectively resigned as trustee.
- The Holders of Bonds then Outstanding shall have the power, by a Special Resolution, to remove from office any Trustee appointed pursuant to this Deed. PROVIDED that the Holders can only remove such Trustee(s) when the Trustee(s) is/are in breach of its/their representations and warranties in Clause 25 of this Deed as well as in the case of gross negligence, default, breach of duty or breach of trust in relation to its duties. Where the removal of the Trustee(s) would result in there being no trustee for the Bonds, such removal shall not be effective until the Issuer has appointed a new trustee(s) in accordance with this Deed.

- In addition, where any Series Trust Deed so provides, any of the Trustees may be removed by the Issuer but only for the reasons stated in the Series' Trust Deed and in this Deed and only so long as (a) no Event of Default shall have occurred and be continuing and (b) the removal of such Trustee shall not have any adverse effect upon the rights and interests of the Holders.
- Where any of the Trustees gives notice of its resignation as trustee pursuant to Clause 29.1 hereof or in the event that any of the Trustees is dissolved or otherwise becomes incapable to act as trustee or is removed as trustee pursuant to Clause 29.2 or 29.3 hereof, the Issuer shall upon obtaining the approval of the SEC, immediately appoint a successor Trustee or Trustees and the SEC shall be promptly notified. In such event, the successor Trustee or Trustees shall cause notice of its appointment to be issued to the Holders of all Bonds then Outstanding. If a Trustee resigns, the Trustee shall bear the costs of giving such notice. If a Trustee is removed, dissolved, or otherwise become incapable of acting as trustee, the Issuer shall bear the costs of giving such notice.
- Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Trustee(s) appointed by the Issuer shall be a company, authorised to carry on trust business in Nigeria and duly registered with the SEC to provide corporate trust services.
- Every successor Trustee(s) shall execute, acknowledge and deliver to its predecessor and also to the Issuer an instrument in writing, accepting such appointment hereunder, and thereupon such successor Trustee(s), without further action, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, and such predecessor shall execute and deliver an instrument transferring to such successor Trustee(s) all the rights, powers and trusts of such predecessor. The successor Trustee shall execute a Deed of Accession in or substantially in the form set out in Schedule 5 (*Form of Deed of Accession*) and cause notice of its appointment to be issued to the Holders of all Bonds then Outstanding. The predecessor Trustee(s) shall execute any and all documents necessary or appropriate to convey all interest it may have to the successor Trustee(s). The predecessor Trustee(s) shall promptly deliver all records relating to the trust and copies thereof and communicate all material information it may have obtained concerning the trust to the successor Trustee(s) and shall duly provide the successor Trustee(s) with a full and updated statement of affairs and accounts of the trust in respect of each Tranche or Series of Bonds.
- In the event of the resignation or removal of the Trustee(s) in accordance with the provisions hereof, the Trustee(s) shall immediately account for and deliver up all of the Assets, to its appointed successor or successors. Where all of the Trustees resign, they shall continue in office until a successor has or successors have been duly appointed to take over their obligations herein. In the event of the resignation or removal of only one (1) Trustee, the resigning Trustee shall immediately account for and deliver up all of the Assets to the continuing Trustee.

UNDESIRABLE SITUATIONS AND PRACTICES

- For the purpose of this Deed, an undesirable situation or practice is a situation or practice which may prejudice the interests of the Holders. These include:
 - an order by a court of competent jurisdiction or a company resolution passed for the dissolution of or appointment of an administrator for the Trustee (otherwise than in the course of a re-organisation or restructuring of such Trustee on a solvent basis);

- where any person takes any step, and it is not withdrawn or discharged within ninety (90) days, to appoint a liquidator, manager, receiver, administrator, administrative receiver or other similar officer in respect of any proprietary assets of the Trustee;
- where any of the Trustees convene a meeting of its creditors for the purpose of making or proposing any arrangement or compromise with, or any assignment for the benefit of its creditors.
- If in the opinion of the Issuer, an undesirable situation or practice has developed or is developing regarding the activities of the Trustee(s), the Issuer may take any steps to correct the situation or practice, including:
 - notifying the SEC within five (5) days of such practice coming to the attention of the Issuer;
 - procuring the Holders to pass a Special Resolution at a meeting duly called for that purpose, suspending such a Trustee(s) and appointing another Trustee or Trustees to act in place of the suspended Trustee(s) during the period of suspension;
 - procuring the Holders to pass a Special Resolution of Holders at a meeting duly called for that purpose, terminating the appointment of such a Trustee(s) and immediately appointing a new trustee(s) in accordance with the provisions of this Deed;
 - giving directions to such a Trustee(s) to act in such a manner as will correct or assist in overcoming the situation or practice; or
 - taking any other action, it considers necessary to assure and safeguard the interests of the Holders.

CONFIDENTIALITY

- The Trustees hereby agree that during the course of their engagement under this Deed, they are likely to obtain knowledge of confidential information with regard to the affairs of the Issuer, the Sponsor and their respective affiliates, details of which are not in the public domain (“**Confidential Information**”), and accordingly the Trustees hereby undertake and covenant with the Issuer and the Sponsor that they shall:
 - not at any time, use any Confidential Information except for the purpose of performing their duties under this Deed;
 - not at any time during the subsistence of, or after the termination of this Deed (save as required by law or judicial order), disclose or divulge any Confidential Information to any person other than to officials of the Issuer or the Sponsor who are authorised to have access to such Confidential Information;

- promptly notify the Issuer and the Sponsor if it becomes aware of any breach by them or any Responsible Officer of any of the provisions of this Clause 31;
 - use their best endeavours to prevent the publication or disclosure of any Confidential Information by any person under their control; and
 - upon receipt of a written request from the Issuer or the Sponsor, return to the Issuer or the Sponsor, all Confidential Information provided (subject to any regulatory requirements/obligations on the Trustees with regards to document retention).
- The restrictions set out in Clause 31.1 above shall cease to apply to information or knowledge which:
 - comes into the public domain otherwise than by reason of the default of the Trustees; and
 - is required to be disclosed pursuant to any statute, law, rule or regulation of any governmental authority or pursuant to any order of court of competent jurisdiction.
 - The restrictions set out in this Clause 31 shall continue to apply notwithstanding the termination of this Deed, save for Clause 31.1.3 which shall only apply for a period of two (2) years after the termination of this Deed.
 - Any Confidential Information shall be held in confidence, and the Trustees hereby undertake to indemnify the Issuer or the Sponsor for any costs, damages or losses suffered by the Issuer or the Sponsor as a result of the breach of the obligations stated in this Clause 31.

NOTICES

- Any notice, request, requirement, stipulation or other document or matter to be given, issued or made under this Deed shall be in writing and shall be signed by the person giving, issuing or making it or that person's authorised agent or representative and shall be served in accordance with Clause 32.3 below.
- All notices required to be given to or by the Holders shall be in accordance with Condition 13 (*Notices*).
- Any notice or other document referred to in Clause 32.1 above, shall be served by personally delivering the same by hand to the registered office or to the address of the person to be served as specified in this Deed or previously notified for this purpose, or by sending the same by post or a reputable courier service to such address or by dispatching the same by electronic mail transmission or other means of communication in permanent written form.
- The address for notices are as follows:

| | |
|--------------------------------|---|
| The Issuer | CardinalStone Financing SPV Plc 5, Okotie Eboh Street Ikoyi, Lagos Nigeria <u>Attention: Michael Nzewi</u> Telephone: +234 702 577 4001 E-mail: michael.nzewi@cardinalstone.com |
| The Sponsor | CardinalStone Partners Limited No.44 Baba Johnson Crescent Off Adeniyi Jones Lagos, Nigeria <u>Attention: Michael Nzewi</u> Telephone: +234 702 577 4001 E-mail: michael.nzewi@cardinalstone.com |
| United Capital Trustees | United Capital Trustees Limited Afriland Towers 3 rd & 4 th Floors 97/105, Broad Street <u>Attention: Tokunbo Ajayi</u> Telephone: +234 703 413 6068 E-mail: Tokunbo.Ajayi@unitedcapitalplcgroup.com |
| Vetiva Trustees | Vetiva Trustees Limited Plot 266B, Kofo Abayomi Street Victoria Island Lagos, Nigeria <u>Attention: Theresa Orji</u> Telephone: +234 807 209 0068 Email: t.orji@vetiva.com |

TERMINATION AND DURATION

This Deed shall remain in full force and effect until the earlier of the:

- discharge of all the obligations of the Issuer and the Sponsor under the Programme as evidenced by the receipt by the Trustees of an unconditional confirmation in writing from (i) the Issuer that there are no subsisting outstanding obligations under this Deed; or (ii) the Registrar that the Holders have been paid all outstanding obligations; or
- unconditional release of the Issuer and the Sponsor from all of their obligations under this Deed.

SEVERABILITY

In the event that any one or more of the provisions contained in this Deed is for any reason, held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Deed shall be construed as if such invalid, illegal or unenforceable provision were not contained herein and in such event, the Parties shall endeavour to carry out the terms of this Deed as nearly as possible in accordance with its original terms and intent.

ENTIRE AGREEMENT

This Deed constitutes the entire agreement between the Parties in relation to the matters herein and supersedes all prior understandings between the Parties, whether oral or written. The terms of this Deed shall not be altered, varied and or amended except by a written instrument duly executed by the Parties hereto.

COUNTERPARTS

This Deed may be executed in any number of counterparts, all of which taken together are deemed to constitute one and the same document.

DISPUTE RESOLUTION

- **Notification to the SEC**

In the event of any dispute arising out of or under this Deed, the Parties shall within five (5) Business Days from the date the dispute arose, notify the SEC of the existence of the dispute.

- **Amicable Settlement**

The Parties shall endeavour to amicably resolve any dispute or misunderstanding that may arise between them, in relation to the terms of this Deed by mutual consultation within ten (10) Business Days of occurrence of the dispute.

- **Arbitration**

- Where the Parties are unable to resolve any dispute amicably within ten (10) Business Days of holding consultations after a dispute arises, such dispute shall then be settled by arbitration in accordance with the Arbitration and Conciliation Act Chapter A18 LFN 2004 or any statutory re-enactment or modification thereof.

- The arbitration panel shall consist of three (3) arbitrators, one arbitrator appointed jointly by the Issuer and the Sponsor, and the second arbitrator appointed jointly by the Trustees. The third arbitrator, who shall preside over the Panel, shall be appointed by the two (2) arbitrators appointed by the Parties. Where the two (2) appointed arbitrators

are unable to agree on the choice of the third arbitrator within two (2) Business Days after their own appointments, the choice of the third arbitrator shall be referred to the Director General of the SEC, who shall nominate the third arbitrator. The arbitral proceedings shall be held in Lagos, Nigeria, and shall be conducted in the English language.

- The arbitrators shall have a maximum period of ten (10) Business Days following the Parties' exchange of pleadings, to resolve the dispute. The arbitral award shall be final and binding on the Parties.
- Where the dispute is not, or cannot be resolved by arbitration in accordance with Clauses 37.3.1 to 37.3.3 above, the said dispute shall be referred to the SEC for resolution.
- Any Party aggrieved by the decision of the SEC reached in accordance with Clause 37.3.3 may refer the matter to the Investments and Securities Tribunal established in accordance with the provisions of the ISA, for resolution.
- Each Party shall bear the cost and expenses of the arbitrator appointed by it while the costs and expenses of the third arbitrator shall be borne in equal proportions by both Parties.
- This Clause 37 shall be severable from the rest of this Deed and shall remain effective if this Deed is cancelled or terminated.

CONFLICT

In the event of a conflict between the provisions of this Deed and a Series Trust Deed, the provisions of such Series Trust Deed shall prevail.

GOVERNING LAW

This Deed shall be governed by, and construed in all respects, in accordance with the laws of Nigeria.

WAIVER

Without prejudice to the provisions of this Deed, the Trustees may, without the consent of the Holders and without prejudice to their rights in respect of any subsequent breach, from time to time and at any time, if in their opinion the interests of the Holders will not be materially prejudiced thereby, waive or authorise, on such terms as seem expedient to them, any breach or proposed breach by the Issuer and/or the Sponsor of this Deed or the Conditions or determine that an Event of Default or Potential Event of Default shall not be treated as such, provided that the Trustees shall not do so in contravention of an express direction given by a Special Resolution or a request made pursuant to Condition 9 (*Events of Default*). No such direction or request shall affect a previous waiver, authorisation or determination. Any such waiver, authorisation or determination shall be binding on the Holders and shall be notified to the Holders as soon as practicable.

MODIFICATION

- Without prejudice to the provisions of this Deed, the Trustees may agree with the Issuer, without the consent of the Holders but subject to the prior review and approval of the SEC, to any modification to this Deed of a formal, minor or technical nature or to correct a manifest error. The Trustees may also agree to any modification to this Deed, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of this Deed that is in their opinion not materially prejudicial to the interests of the Holders, **PROVIDED THAT** the prior approval of the SEC is received, and that such consolidation, modification, alteration or addition does not prejudice the interests of the Holders or operate to release the Trustees, the Issuer or Sponsor from any responsibility to the Holders.
- The Issuer will not, without the prior written consent of the Trustees or a Special Resolution of the Holders, agree to any amendments to or any modification of, or waiver of, or authorise any breach or proposed breach of, the terms of any outstanding Notes and will act at all times in accordance with any instructions of the Trustees from time to time with respect to any outstanding Notes. Any such amendment, modification, waiver or authorisation made with the consent of the Trustees shall be binding on the Holders and, unless the Trustees agree otherwise, any such amendment or modification shall be notified by the Issuer to the Holders in accordance with Condition 13 (*Notices*).
- No such consolidation, modification, alteration or addition shall impose any further payment on the Holders in respect of the Bonds held by them or any liability in respect thereof.

20. EXTRACTS FROM THE SPONSOR'S RATING REPORT

Extract of the report by Global Credit Rating Co. Limited



CardinalStone Partners Limited

Nigeria Financial Institution Analysis

June 2020

| Rating class | Rating scale | Rating | Rating outlook | Expiry date |
|--------------|--------------|---------------------|----------------|-------------|
| Long-term | National | BBB _(NG) | Stable | May 2021 |
| Short-term | National | A3 _(NG) | | |

Financial data:

(USDm comparative) *

| | 31/12/18 | 31/12/19 |
|------------------|----------|----------|
| NGN/USD (avg.) | 305.6 | 306.4 |
| NGN/USD (close) | 306.5 | 306.5 |
| Total assets | 68.0 | 86.8 |
| Total capital | 5.4 | 14.1 |
| Net advances | 1.4 | 7.7 |
| Liquid assets | 42.4 | 43.4 |
| Operating income | 6.4 | 9.7 |
| Profit after tax | 0.9 | 3.5 |
| Market cap. | n.a. | |
| Market share | n.a. | |

*Central Bank of Nigeria ("CBN") exchange rate

Summary rating rationale

- CardinalStone Partners Limited ("CardinalStone" or "the company") is a diverse player in the financial services space, with a track record of over a decade. CardinalStone has significant interest in four other companies (jointly referred to as "the Group"), through which it offers an array of services including consumer finance, financial advisory, asset management, share registration and securities trading. Cognisance is taken of the wealth of experience of the management team in the financial market space.
- The Group's capitalisation is considered strong relative to its current risk level, displaying a capital to total asset ratio of 16.2% at FY19. Shareholders' funds peaked at N4.3bn (FY18: N1.7bn), underpinned by capital injection and retained earnings in FY19. This grew further by 10.4% at end-May 2020. Going forward, management has indicated plan to raise additional capital in the near term.
- Asset quality deteriorated in FY19, with gross impaired loans escalating year-on-year 4.6 times to N475.5m. Nevertheless, the recorded aggressive loan growth led to a slight decline in gross non-performing loan ("NPL") ratio, which ended lower at 18.5% (FY18: 19.8%). The ratio remained above the CBN's limit of 10%. Furthermore, provisioning level is considered low, as general coverage of impaired loans lowered to 42.2% at FY19 (FY18: 74.8%).
- Liquidity position is considered satisfactory; liquid to short term funding ratio has remained strong over the last three years, standing at 81.4% at FY19. Furthermore, the balance sheet is generally liquid, with liquid assets constituting up to half of the group's balance sheet at FY19.
- The Group reported a pre-tax profit of N1.3bn for FY19, with performance supported by improvement in both net interest income and non-interest income, with rapid advances growth and securities trading as the key performance drivers. Accordingly, total operating income ("TOI") peaked at N3bn during the year (FY18: N2bn). While operating expenses registered a rise of 15.1%, driven by staff related expenses and rent and maintenance costs. Nevertheless, some level of efficiency was achieved, with the cost ratio moderating to 51.8% from 68% the previous year. Consequently, return on average equity and assets ("ROaE and ROaA") closed at 41.5% and 4.5% in FY19 (FY18: 18.2% and 1.4%) respectively. A pre-tax profit of N335.7m was recorded for the five-month period to May 2020.

Rating history:

Initial/last rating (June 2020)

Long term: BBB_(NG)

Short term: A3_(NG)

Rating outlook: Stable

Related methodologies/research:

Global Criteria for Rating Banks and Other Financial Institutions, updated March 2017
Glossary of Terms/Ratios, February 2016

GCR contacts:

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Committee Chairperson
Dave King

Analysts location: Lagos, Nigeria

Tel: +23 41 904 9462-3

Website: www.globalratings.com.ng

Factors that could trigger a rating action may include

Positive change: The rating may be reviewed upward following a significant and sustained improvement in performance metrics (including profitability, asset quality and liquidity).

Negative change: The rating may be revised downward as a result of weakening in asset quality metrics and/or decline in profitability which impacts the group's capital.

CardinalStone Partners Limited

Rating:

Bbb-

Outlook: Stable

Issue Date: 19 June 2020

Expiry Date: 30 June 2021

Previous Rating: NA

Industry:

Financial Services

Analysts:

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RATING RATIONALE

CardinalStone Partners Group's ("CSPG", "the Group") rating is supported by good profitability, adequate capital, a good liquidity and funding profile and a stable management team. The rating is, however, constrained by high non-performing loan (NPL) ratios in the consumer and structured finance loan books, substantial exposure to unrated related parties and concentration in various portfolios. CSPG's asset quality weaknesses further point to limitations in the Group's risk management processes. The impact of the weak global and domestic economic environments has also been taken into cognisance.

CSPG began operations in 2008 providing asset management, financial advisory and investment banking services. The Group's business has since expanded to include securities brokerage, registrars and consumer lending services. CSPG through various member entities is registered with the Securities and Exchange Commission as an issuing house, fund manager, broker/dealer and registrar and has a finance house licence from the Central Bank of Nigeria. The Group also makes proprietary investments in listed equity, fixed income and private equity.

As at 31 December 2019, CSPG's assets were 26.3% invested in low risk FGN T-bills and 24% held in bank balances and placements with financial institutions of largely investment grade credit quality. Loans to individuals and companies accounted for 13.4% of the Group's total assets while investments in listed equities, bonds and Eurobonds accounted for 9.3%, 7.2% and 5.8% respectively. However, the consumer and structured finance loan books recorded NPL ratios of 22.6% and 7% respectively, both above our benchmark of 5%. There was also substantial exposure to related parties at an equivalent of 49% of shareholders' funds and significant concentration in the Group's bank balances, placements, structured finance loans, equities and Eurobonds portfolios.

CSPG's asset creating business units act as the first line of defence in the risk management structure by following established and documented policies to stay within acceptable risk limits. The structured finance loans and margin loans

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are also collateralised to reduce the expected losses given default. The Group's risk management and internal control teams conduct daily checks to verify compliance with policies. However, we noted that constraints set by some manuals were regularly bypassed with the use of exceptional approvals. The Finance, Credit & Risk Committee, which is chaired by an independent director, consists of one executive and three non-executive board members. In our opinion, risk management can be improved with more dedicated capacity and robust front office integration.

During the 2019 financial year, CSPG generated net earnings of ₦2.9 billion and recorded a profit before tax of ₦1.3 billion. The Group's 2019 pre-tax return on average equity (ROE) of 43.2% and pre-tax return on average assets (ROA) of 5.4% out-performed peer United Capital Group's ("UCG") figures of 27.9% and 3.3% respectively in the same period. In our opinion, CSPG's profitability is good. The Group's annualised pre-tax ROE and pre-tax ROA for 2020 are lower at 18% and 3% respectively based on the unaudited figures for the first five months. We believe that with the exception of consumer lending, CSPG's businesses have the client base and experience to weather the COVID-19 storm in 2020.

As at 31 December 2019, CSPG had shareholders' funds of ₦4.3 billion following an equity issuance in the review period and capital to risk weighted assets ratio stood at 28%, which was better than our benchmark. The Group's debt to equity ratio was low at 1.45 times, better than peer UCG's ratio of 3x. Total assets were funded 60% by clients' funds under management, 23% by liabilities and 16% by shareholders' funds. Although there was some concentration in funding as the top 20 clients accounted for more than 50% of clients' funds management, CSPG recorded a liquid assets to total assets ratio of 73%, better than the regulatory benchmark of 60%. In our view, the Group is well capitalised and has a good liquidity and funding profile.

Based on the aforementioned, Agusto & Co. assigns a "Bbb-" rating to CSPG.



CARDINALSTONE GROUP

This report is provided by DataPro subject to the terms & condition stipulated in our *Terms of Engagement*

CORPORATE RATING REPORT

References

Abiodun Adeseyoju, FCA.
Abimbola Adeseyoju
Oladele Adeoye

EVALUATION

VALID TILL: July, 2021

DataPro Rating: A⁻
Short term Rating: A2
Previous Rating: N/A
Rating Outlook: Evolving
Trend: UP
Currency: Naira

SUMMARY

- Rating:

A⁻

- Report Type:
Corporate Rating

- Client:
CardinalStone
Group

- Date Compiled
28-Jul-2020

EXECUTIVE SUMMARY

| | 2019 N'000 | 2018 N'000 | 2017 N'000 | 2016 N'000 | 2015 N'000 |
|-------------------|---------------|---------------|---------------|---------------|---------------|
| Gross Earning | 4,297,373 | 3,057,481 | 2,865,016 | 1,883,246 | 2,393,576 |
| Profit before Tax | 1,293,998 | 613,715 | 1,023,139 | 380,503 | 429,507 |
| Total Asset | 26,732,292 | 21,165,138 | 17,402,892 | 13,054,470 | 14,024,440 |
| Equity | 4,322,567 | 1,669,581 | 2,036,815 | 1,365,914 | 1,395,170 |
| Total Liabilities | 22,409,725 | 19,495,557 | 15,366,077 | 11,688,556 | 12,629,270 |
| Fixed Asset | 560,582 | 407,633 | 155,039 | 154,933 | 206,297 |

RATING EXPLANATION

The Short-term rating of **A2** indicates **Fair Credit Quality** and adequate capacity for timely payment of financial commitments.

The long-term rating of **A⁻** indicates **Low Risk**. It shows very good financial strength, operating performance and business profile when compared to the standard established by **DataPro**. This company, in our opinion, has the ability to meet its ongoing obligations.

This report does not represent an offer to trade in securities. It is a reference source and not a substitute for your own judgment. As far as we are aware, this report is based on reliable data and information, but we have not verified this or obtained an independent verification to this effect. We provide no guarantee with respect to accuracy or completeness of the data relied upon, and therefore the conclusions derived from the data. This report has been prepared at the request of, and for the purpose of, our client only and neither we nor any of our employees accept any responsibility on any ground whatsoever, including liability in negligence, to any other person. Finally, DataPro and its employees accept no liability whatsoever for any direct or consequential loss of any kind arising from the use of this document in any way whatsoever.

DataPro @ 2020

21. HISTORICAL FINANCIAL INFORMATION OF CARDINALSTONE PARTNERS LIMITED

21.1 Letter from Reporting Accountant



Ernst & Young
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10th Floor
57 Marina
P.O Box 2442, Marina
Lagos, Nigeria.

Tel: 234 (01) 8449962
Fax: 234 (0) 8449963
ey.com

The Directors

CardinalStone Partners Limited
5, Okotie Eboh Street
Ikoyi
Lagos

Gentlemen,

ACCOUNTANTS' REPORT ON THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF CARDINALSTONE PARTNERS LIMITED FOR THE YEARS ENDED 31 DECEMBER 2019, 2018 and 2017

We have reviewed the audited consolidated financial statements of CardinalStone Partners Limited (the "Company") and its subsidiaries (collectively, the "Group") that comprise the consolidated statements of financial position as at 31 December 2019, 2018 and 2017 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years then ended, and a summary of significant accounting policies and other explanatory information, for the proposed N10 billion bond issue ("the Offer"). PKF Professional Services were the auditors of the Group and the Company for the years ended 31 December 2019, 2018 and 2017, and unmodified audit opinions were issued by the auditors for each of the three years.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as issued by International Auditing Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of the consolidated 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 consolidated 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 consolidated financial statements, taken as a whole, are not prepared in all material respects in accordance with the International Financial Reporting Standards (IFRS) as issued by International Auditing Standards Board (IASB). This Standard also requires us to comply with relevant ethical requirements.

A review of consolidated 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.



Accountants' Responsibility - Continued

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 consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these consolidated financial statements do not give a true and fair view of the financial position of Cardinalstone Partners Limited and its subsidiaries as at 31 December 2019, 2018 and 2017, their financial performance and cash flows for each of the three years then ended, in accordance with the International Financial Reporting Standards (IFRS) as issued by International Auditing Standards Board (IASB).

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

Yours faithfully,

Oluwasayo Elumaro
FRC/2012/ICAN/00000000139
For: Ernst & Young
Lagos, Nigeria
Date: 2 September 2020

21.2 Statement of Financial Position

CARDINALSTONE PARTNERS LIMITED

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019, 2018 and 2017

| In thousands of Nigerian Naira | Notes | 31 December 2019 | 31 December 2018 | 31 December 2017 |
|--|-------|---------------------|---------------------|---------------------|
| ASSETS | | | | |
| Cash and cash equivalents | 19 | 6,397,907 | 5,557,405 | 4,824,319 |
| Investment securities: | | | | |
| -Financial assets at amortised cost | 20 | 10,182,472 | 10,288,422 | - |
| -Financial assets at fair value through profit or loss | 21 | 4,072,215 | 970,655 | 7,364,367 |
| -Financial assets at fair value through other comprehensive income | 22 | 32,571 | 32,139 | - |
| - Held to maturity | 23 | - | - | 2,197,732 |
| - Available for sale | 24 | - | - | 32,362 |
| Loans and advances to customers | 25 | 2,362,877 | 442,715 | 460,883 |
| Receivable from clients | 26 | 149,724 | 338,136 | 154,136 |
| Other receivables and prepayments | 27 | 2,948,815 | 3,128,034 | 2,213,910 |
| Property and equipment | 29 | 515,569 | 385,125 | 142,764 |
| Intangible assets | 30 | 45,012 | 22,508 | 12,275 |
| Right of use assets | 31 | 25,128 | - | - |
| TOTAL ASSETS | | 26,732,291 | 21,165,139 | 17,402,748 |
| LIABILITIES | | | | |
| Bank overdrafts | 19 | 113,984 | 334,790 | 60,795 |
| Loans and borrowings | 32 | 547,404 | 274,887 | 196,878 |
| Liabilities to clients | 33 | 16,143,549 | 13,524,624 | 9,387,111 |
| Trade payables | 34 | 4,748,373 | 4,503,270 | 4,894,047 |
| Other liabilities | 35 | 544,056 | 510,040 | 392,247 |
| Retirement benefit obligations | 36 | 4,913 | 3,700 | 2,828 |
| Current income tax payable | 16 | 284,702 | 330,536 | 417,846 |
| Deferred tax liabilities | 17 | 22,744 | 13,710 | 14,183 |
| TOTAL LIABILITIES | | 22,409,724 | 19,495,557 | 15,365,935 |
| SHAREHOLDERS' FUND | | | | |
| Share capital | 37 | 317,842 | 250,000 | 250,000 |
| Share premium | 38 | 2,183,447 | 242,500 | 242,500 |
| Retained earnings | 39 | 1,364,850 | 794,719 | 1,116,870 |
| Non-distributable regulatory reserve | 40 | 2,934 | - | 1,268 |
| Fair value reserve | 41 | (5,174) | (5,606) | (15,383) |
| | | 3,863,899 | 1,281,613 | 1,595,255 |
| Non-controlling interests | 42 | 458,668 | 387,969 | 441,558 |
| Equity | | 4,322,567 | 1,669,582 | 2,036,813 |
| TOTAL LIABILITIES AND SHAREHOLDERS' FUND | | 26,732,291 | 21,165,139 | 17,402,748 |

21.3 Statement of Profit or Loss and Other Comprehensive Income

CARDINALSTONE PARTNERS LIMITED

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2019, 2018 and 2017

| In thousands of Nigerian Naira | Notes | 2019 | 2018 | 2017 |
|--|-------|------------------|------------------|------------------|
| Gross earnings | | 4,297,373 | 3,057,481 | 2,865,016 |
| Interest income calculated using effective interest method | 6 | 2,955,747 | 2,193,699 | 1,570,383 |
| Interest expense calculated using effective interest method | 7 | (1,330,940) | (1,094,021) | (709,250) |
| Net interest income | | 1,624,807 | 1,099,678 | 861,133 |
| Net fee and commission income | 8 | 620,876 | 607,114 | 680,740 |
| Net gains/(loss) from financial instruments at fair value through profit or loss | 9 | 546,382 | (10,707) | 458,777 |
| Other operating income | 10 | 174,368 | 267,375 | 155,116 |
| Employee benefit expenses | 11 | (759,266) | (620,256) | (537,698) |
| Depreciation and amortisation | 12 | (70,921) | (66,612) | (57,705) |
| Impairment charge | 13 | (136,343) | (14,799) | (56,370) |
| Other operating expenses | 14 | (705,905) | (648,078) | (480,854) |
| Profit before income tax | | 1,293,998 | 613,715 | 1,023,139 |
| Income tax expense | 15 | (226,819) | (351,746) | (144,195) |
| Profit for the year | | 1,067,179 | 261,969 | 878,944 |
| Other comprehensive income, net of income tax | | | | |
| <i>Items that will not subsequently be reclassified to profit or loss in subsequent period (net of tax):</i> | | | | |
| Net fair value gain on investments in equity instruments designated as FVTOCI | 41 | 432 | 77 | - |
| <i>Items that will subsequently be reclassified to profit or loss in subsequent period (net of tax):</i> | | | | |
| Net fair value gain on available for sale financial assets | 41 | - | - | 586 |
| | | 432 | 77 | 586 |
| Total comprehensive income for the year | | 1,067,611 | 262,046 | 879,530 |
| Profit for the year attributable to: | | | | |
| Owners of the parent | | 973,080 | 164,057 | 769,203 |
| Non-controlling interests | 42 | 94,099 | 97,912 | 109,741 |
| | | 1,067,179 | 261,969 | 878,944 |
| Total comprehensive income attributable to: | | | | |
| Owners of the parent | | 973,512 | 164,134 | 769,789 |
| Non-controlling interests | 42 | 94,099 | 97,912 | 109,741 |
| | | 1,067,611 | 262,046 | 879,530 |
| Basic and diluted earnings per share (kobo) | 18 | 330 | 66 | 308 |

21.4 Statement of Cash Flows

CARDINALSTONE PARTNERS LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2019, 2018 and 2017

| In thousands of Nigerian Naira | Notes | 2019 | 2018 | 2017 |
|---|-------------|-------------------|--------------------|-------------------|
| Profit before income tax | | 1,293,998 | 613,715 | 1,023,139 |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 12 | 59,861 | 60,471 | 52,474 |
| Amortization of intangible assets | 12 | 11,060 | 6,141 | 5,231 |
| Depreciation expense on right of use assets | 31 | 16,461 | - | - |
| Intangible assets written off | | - | 1,230 | - |
| Write off of commission on other receivables not recovered | | - | 1,099 | - |
| Profit on disposal of property plant and equipment | 10 | (938) | (7,065) | (723) |
| Interest income | 6 | (2,955,747) | (2,193,699) | (1,570,383) |
| Interest expense | 7 | 1,330,940 | 1,094,021 | 709,250 |
| Dividend income from investment in equity securities | 10 | (57,363) | (38,603) | (54,018) |
| Trading income on equity securities | 9 | (449,634) | (4,526) | (508,017) |
| Fair value (gain)/loss on equity securities | 9 | (96,867) | 15,252 | 42,966 |
| Trading loss/(income) on foreign exchange | 9 | 119 | (19) | 6,274 |
| Impairment charge | 13 | 136,343 | 14,799 | 56,370 |
| Current post employment charge | | 35,420 | 27,785 | 36,123 |
| Operating loss before changes in operating assets and liabilities | | (676,347) | (409,399) | (201,314) |
| Movement in working capital | | | | |
| Loans and advances to customers | | (2,044,150) | (52,392) | (464,322) |
| Receivable from clients | | 194,158 | (167,756) | 43,803 |
| Other receivables and prepayments | | 9,131 | (1,261,981) | 317,045 |
| Liabilities to clients | | 2,618,925 | 4,169,685 | 3,095,365 |
| Trade payables | | 245,103 | (383,618) | 259,950 |
| Other liabilities | | 34,016 | 117,653 | 42,262 |
| Cash flows from operations | | 380,836 | 2,012,192 | 3,092,789 |
| Income tax paid | 16 | (143,619) | (102,509) | (75,416) |
| Employee benefit paid/remitted | | (34,207) | (26,913) | (35,513) |
| Net cash from operating activities | | 203,010 | 1,882,770 | 2,981,860 |
| Cash flows from investing activities | | | | |
| Purchase of financial assets classified as FVTPL - Listed securities | 21 | (13,527,928) | (7,649,716) | (10,531,767) |
| Purchase of financial assets classified as FVTPL - Unlisted securities | | - | - | (5,000) |
| Changes in financial assets classified at amortised cost (held to maturity investments) | | - | (339,539) | - |
| Changes in Held-to-maturity investment | | - | - | 908,002 |
| Purchase of property and equipment | 29 | (202,349) | (306,231) | (60,455) |
| Purchase of intangible assets | 30 | (33,564) | (17,473) | (1,077) |
| Interest received | 6 | 2,955,747 | 2,193,699 | 1,570,383 |
| Dividend received during the year | 10 | 57,363 | 38,603 | 54,018 |
| Proceeds from sales of financial assets | | 10,269,542 | 7,568,023 | 10,457,657 |
| Proceeds from sales of property and equipment | | 3,233 | 10,464 | 4,445 |
| Net cash (used in)/from by investing activities | | (477,956) | 1,497,830 | 2,396,206 |
| Cash flows from financing activities | | | | |
| Additions to loans and borrowings | 32 | 272,517 | 78,009 | 196,878 |
| Additions to non-controlling interests | 42 | 70,684 | (53,589) | - |
| Proceeds from shares issued in the year net of expenses | | 2,008,789 | - | - |
| Dividend paid to equity holders | 39 | (400,000) | (400,000) | (150,000) |
| Dividend paid to non-controlling interest | 42 | (23,415) | (148,295) | (58,538) |
| Interest paid | 7 | (1,330,940) | (1,094,021) | (709,250) |
| Net cash from/(used in) financing activities | | 597,635 | (1,617,896) | (720,910) |
| Net increase in cash and cash equivalents | | 322,689 | 1,762,704 | 4,657,156 |
| Cash and cash equivalents at beginning of the year | | 13,000,023 | 11,237,319 | 6,580,163 |
| Cash and cash equivalents at end of the year | 19.2 | 13,322,712 | 13,000,023 | 11,237,319 |

21.5 Statement of changes in equity

CARDINALSTONE PARTNERS LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2019, 2018 and 2017
GROUP

FOR THE YEAR ENDED 31 DECEMBER 2019

| In thousands of Nigerian Naira | Share capital | Share premium | Retained earnings | Non-distributable regulatory reserve | Fair value reserve | Non Controlling Interests | Total |
|---|----------------|------------------|-------------------|--------------------------------------|--------------------|---------------------------|------------------|
| 1 January 2019 | 250,000 | 242,500 | 794,719 | - | (5,606) | 387,969 | 1,669,582 |
| Profit for the year | - | - | 973,080 | - | - | 94,099 | 1,067,179 |
| Other comprehensive income, net of tax | - | - | - | - | 432 | - | 432 |
| Total comprehensive income | 250,000 | 242,500 | 1,767,799 | - | (5,174) | 482,068 | 2,737,193 |
| Transaction directly with equity holder: | | | | | | | |
| Shares issued in the year | 67,842 | 1,964,037 | - | - | - | - | 2,031,879 |
| Total direct expenses on the issue of shares | - | (23,090) | - | - | - | - | (23,090) |
| Dividends declared and paid | - | - | (400,000) | - | - | (23,415) | (423,415) |
| Transfer between reserves | - | - | (2,949) | 2,934 | - | 15 | - |
| 31 DECEMBER 2019 | 317,842 | 2,183,447 | 1,364,850 | 2,934 | (5,174) | 458,668 | 4,322,567 |

FOR THE YEAR ENDED 31 DECEMBER 2018

| | | | | | | | |
|--|----------------|----------------|------------------|--------------|-----------------|----------------|------------------|
| 1 January 2018 | 250,000 | 242,500 | 1,116,870 | 1,268 | (15,383) | 441,558 | 2,036,813 |
| Adjustment due CBN additional impairment on CS Advance | - | - | (1,134) | 1,134 | - | - | - |
| Effect of application of IFRS 9 | - | - | (85,074) | (2,402) | 9,700 | (3,206) | (80,982) |
| Restated opening balance as at 1 January 2018 | 250,000 | 242,500 | 1,030,662 | - | (5,683) | 438,352 | 1,955,831 |
| Profit for the year | - | - | 164,057 | - | - | 97,912 | 261,969 |
| Other comprehensive income, net of tax | - | - | - | - | 77 | - | 77 |
| Total comprehensive income | - | - | 164,057 | - | 77 | 97,912 | 262,046 |
| Transaction directly with equity holder: | | | | | | | |
| Dividends declared and paid | - | - | (400,000) | - | - | (148,295) | (548,295) |
| 31 DECEMBER 2018 | 250,000 | 242,500 | 794,719 | - | (5,606) | 387,969 | 1,669,582 |

CARDINALSTONE PARTNERS LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY - Continued

**FOR THE YEARS ENDED 31 DECEMBER 2019, 2018, and 2017
GROUP**

FOR THE YEAR ENDED 31 DECEMBER 2017

| In thousands of Nigerian Naira | Share capital | Share premium | Retained earnings | Statutory reserve | Fair value reserve | Non-controlling Interests | Total |
|---|----------------|----------------|-------------------|-------------------|--------------------|------------------------------|------------------|
| 1 January 2017 | 250,000 | 242,500 | 499,077 | 25 | (15,969) | 390,281 | 1,365,914 |
| Profit for the year | - | - | 769,203 | - | - | 109,741 | 878,944 |
| Other comprehensive income, net of tax | - | - | - | - | 586 | (67) | 519 |
| Total comprehensive income | 250,000 | 242,500 | 1,268,280 | 25 | (15,383) | 499,955 | 2,245,377 |
| Transaction directly with equity holder: | | | | | | | |
| Dividends declared and paid | - | - | (150,000) | - | - | (58,538) | (208,538) |
| Transfer between reserves | - | - | (1,409) | 1,243 | - | 141 | (25) |
| 31 DECEMBER 2017 | 250,000 | 242,500 | 1,116,871 | 1,268 | (15,383) | 441,558 | 2,036,814 |

CARDINALSTONE PARTNERS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2020

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 30-Sep-20 | 30-Sep-19 | 30-Sep-20 | 30-Sep-19 |
| | N'000 | N'000 | N'000 | N'000 |
| Continuing operations | | | | |
| Gross income | 3,998,833 | 2,853,832 | 2,977,569 | 1,715,383 |
| Interest income | 1,965,588 | 1,492,679 | 1,087,667 | 711,583 |
| Interest expense | (1,120,846) | (739,442) | (997,048) | (652,853) |
| Net interest income | 844,742 | 753,237 | 90,619 | 58,730 |
| Loan impairment charges | (146,523) | (23,393) | - | - |
| Net interest income less impairment charges | 698,219 | 729,844 | 90,619 | 58,730 |
| Net fee and commission income | 787,121 | 790,032 | 386,150 | 540,704 |
| Net gains/(loss) from financial instruments at fair value through profit or loss | 1,145,839 | 421,959 | 1,132,577 | 304,581 |
| Other operating income | 100,285 | 149,162 | 371,174 | 158,515 |
| Employees expenses | (963,255) | (747,323) | (604,563) | (441,907) |
| Depreciation and amortisation | (61,380) | (55,789) | (30,682) | (32,083) |
| Other operating expenses | (401,387) | (432,441) | (263,718) | (230,465) |
| Profit before taxation | 1,305,442 | 855,443 | 1,081,557 | 358,075 |
| Tax expense | (164,968) | (180,333) | (40,671) | (90,000) |
| Profit for the year | 1,140,474 | 675,111 | 1,040,886 | 268,075 |
| Other comprehensive income: | | | | |
| Other comprehensive income/(loss) (net of tax) | - | - | - | - |
| Total comprehensive income (net of tax) | 1,140,474 | 675,111 | 1,040,886 | 268,075 |
| Total comprehensive income (net of tax) attributable to: | | | | |
| Owners of the parent | 1,076,799 | 598,688 | 1,040,886 | 268,075 |
| Non-controlling interests | 63,676 | 76,422 | - | - |
| | 1,140,474 | 675,111 | 1,040,886 | 268,075 |
| Earnings per share (Basic/Diluted) | 386 | 270 | 353 | 79 |

CARDINALSTONE PARTNERS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2020

| | Group | | Company | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30-Sep-20 N'000 | 31-Dec-19 N'000 | 30-Sep-20 N'000 | 31-Dec-19 N'000 |
| Assets | | | | |
| Cash and balances with banks | 16,980,113 | 6,397,907 | 11,896,332 | 4,380,135 |
| Investment securities: | | | | |
| - Financial assets at fair value through profit or loss | 9,113,025 | 4,072,215 | 8,193,749 | 3,423,076 |
| - Financial assets at amortised cost | 6,188,865 | 10,182,472 | 4,484,003 | 8,662,969 |
| - Financial assets at fair value through other comprehensive income | 32,677 | 32,571 | 32,677 | 32,571 |
| Loans and advances to customers | 2,169,833 | 2,362,877 | - | - |
| Receivable from clients | 32,263 | 149,724 | - | - |
| Other receivables and prepayments | 183,120 | 2,423,944 | 423,012 | 2,816,540 |
| Investment in subsidiaries | - | 550,000 | 3,158,637 | 3,058,637 |
| Property and equipment | 629,664 | 515,569 | 62,690 | 84,236 |
| Intangible assets | 23,483 | 45,013 | 8,102 | 10,996 |
| Total assets | 35,353,043 | 26,732,292 | 28,259,201 | 22,469,160 |
| Liabilities | | | | |
| Bank overdraft | - | 113,984 | - | - |
| Loans and borrowings | 5,924,133 | 547,404 | 4,754,150 | - |
| Liabilities to clients | 16,588,129 | 16,143,549 | 18,300,923 | 17,848,078 |
| Trade payables | 6,872,002 | 4,748,373 | - | - |
| Other liabilities | 169,723 | 544,056 | 389,444 | 383,921 |
| Retirement benefit obligations | 4,913 | 4,913 | 3,448 | 3,448 |
| Current income tax liability | 200,523 | 284,702 | 15,405 | 129,786 |
| Deferred tax liability | 26,034 | 22,744 | 6,781 | 6,782 |
| Total liabilities | 29,785,457 | 22,409,725 | 23,470,151 | 18,372,015 |
| Equity | | | | |
| Ordinary shares | 317,842 | 317,842 | 317,842 | 317,842 |
| Share premium | 2,183,447 | 2,183,447 | 2,183,447 | 2,183,447 |
| Retained earnings | 2,491,613 | 1,364,851 | 1,315,357 | 621,775 |
| Non-distributable regulatory reserve | 2,934 | 2,934 | - | - |
| Fair value reserve | (5,174) | (5,174) | 972,403 | 974,081 |
| | 4,990,663 | 3,863,900 | 4,789,050 | 4,097,145 |
| Non-controlling interest | 576,923 | 458,667 | - | - |
| Total equity | 5,567,586 | 4,322,567 | 4,789,050 | 4,097,145 |
| Total liability and equity | 35,353,043 | 26,732,292 | 28,259,201 | 22,469,160 |



Michael Nzewi
Managing Director/Chief Executive Officer



Ayodele Oloruntoba
Chief Financial Officer

CARDINALSTONE PARTNERS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

| | Group | | Company | |
|--|-------------------|--------------------|--------------------|--------------------|
| | 30-Sep-20 | 31-Dec-19 | 30-Sep-20 | 31-Dec-19 |
| | N'000 | N'000 | N'000 | N'000 |
| Profit for the Period | 1,140,474 | 1,067,612 | 1,040,886 | 570,321 |
| Adjustment for: | | | | |
| Depreciation and amortisation expense | 61,380 | 70,921 | 30,682 | 42,272 |
| Profit on disposal of property plant and equipments | - | (938) | - | (938) |
| Interest income | (1,965,588) | (2,955,747) | (1,087,667) | (1,329,594) |
| Interest expense | 1,120,846 | 1,330,940 | 997,048 | 912,831 |
| Dividend income from investment | (101,680) | (57,363) | (244,755) | (127,113) |
| Trading(loss)/income on equity securities | (415,065) | (449,634) | (401,803) | (425,976) |
| Fair value (loss)/gain on equity securities | (730,774) | (96,867) | (730,774) | (69,501) |
| Income tax expenses | 164,968 | 217,785 | 40,671 | 134,627 |
| Deferred tax liabilities | 3,291 | 9,034 | - | - |
| Impairment of dormant bank balances | - | 2,450 | - | - |
| ECL on financial assets | (1,104) | 3,615 | (2,922) | 3,652 |
| Impairment of receivable from clients | (3,405) | (5,746) | - | - |
| Impairment of other receivable | - | 12,036 | - | 10,731 |
| Impairment of loan and advances | 151,032 | 123,989 | - | - |
| Current post employment charge | 19,481 | 35,420 | 17,763 | 19,737 |
| Operating profit before changes in operating assets and liabilities | (556,144) | (692,495) | (340,871) | (258,951) |
| Changes in: | | | | |
| Loans and advances to customers | 193,044 | (2,044,150) | - | - |
| Receivable from clients | 117,461 | 194,158 | - | - |
| Other receivables and prepayments | 2,240,824 | 695,592 | 2,393,528 | 243,569 |
| Liabilities to clients | 444,580 | 2,618,925 | 452,845 | 3,193,036 |
| Changes in financial assets classified as FVTOCI | (106) | (432) | (106) | (432) |
| Trade payables | 2,123,628 | 245,103 | - | - |
| Other liabilities | (374,333) | 34,016 | 5,523 | (77,341) |
| Cash generated from operation | 4,188,953 | 1,050,717 | 2,510,920 | 3,099,880 |
| Income taxes paid | (84,177) | (263,619) | (33,631) | (124,973) |
| Employee benefit paid/remitted | (18,129) | (34,206) | (10,123) | (19,100) |
| Net cash from/(used in) operating activities | 4,086,647 | 752,891 | 2,467,166 | 2,955,807 |
| Cash flows from investing activities | | | | |
| Purchase of financial assets classified as FVTPL | (16,847,628) | (13,527,928) | (14,902,628) | (12,322,151) |
| Purchase of property and equipment | (139,049) | (202,348) | (5,669) | (12,788) |
| Purchase of intangible asset | - | (33,564) | - | (8,487) |
| Additions to investment in subsidiaries | - | (550,000) | (100,000) | (550,000) |
| Interest received | 1,965,588 | 2,955,747 | 1,087,667 | 1,329,595 |
| Dividend received during the year | 101,680 | 57,363 | 244,755 | 127,113 |
| Proceeds from sales of financial assets | 14,740,134 | 12,278,450 | 12,170,684 | 11,632,946 |
| Proceeds from sales of property and equipment | - | 3,233 | - | 1,544 |
| Net cash (used in)/ from investing activities | (179,275) | 980,952 | (1,505,190) | 197,771 |
| Cash flows from financing activities | | | | |
| Additions to loans and borrowings | 5,376,730 | 272,516 | 4,754,150 | - |
| Additions to non-controlling interest | 118,256 | 70,684 | - | - |
| Dividend paid during the year | (871,224) | (423,415) | (556,224) | (400,000) |
| Interest paid | (1,120,846) | (1,330,940) | (997,048) | (912,831) |
| Net cash used in financing activities | 3,502,916 | (1,411,154) | 3,200,878 | (1,312,831) |
| Net increase/(decrease) in cash and cash equivalents | 7,410,289 | 322,689 | 4,162,854 | 1,840,747 |
| Cash and cash equivalents at 1 January | 13,322,712 | 13,000,023 | 11,057,223 | 9,216,476 |
| Cash and cash equivalents at 30 September | 20,733,001 | 13,322,712 | 15,220,077 | 11,057,223 |

22. STATUTORY AND GENERAL INFORMATION

22.1 Authorization of the Programme

At the meeting held on 19 August, 2020, the Shareholders of CardinalStone Financing SPV Plc passed a resolution approving the establishment of the proposed ₦10,000,000,000 billion Debt Issuance Programme and the issuance of Debt Securities thereunder during the subsistence of the Programme.

Incorporation and Share Capital History of Sponsor

CardinalStone Partners Limited was incorporated under the CAMA as a Private Limited Liability Company (registered number 739441) on June 9, 2008. It was licensed in July 2009 to carry on the business of an Issuing House and Fund/Portfolio Manager.

The principal activity of the Sponsor continues to be the provision of comprehensive financial advisory and asset management services and financial services to its corporate and individual customers. Such services include granting of loans and advances, corporate finance, money market activities and foreign exchange operations. Currently, the Sponsor's authorised share capital is ₦500,000,000 comprising 500,000,000 ordinary shares of ₦1 each, and its issued and fully paid share capital is ₦317,842,400 comprising 317,842,400 ordinary shares of ₦1 each.

The following changes have taken place in the Sponsor's authorised and issued share capital since its incorporation:

| Year | Authorized (₦'000) | | Issued (₦'000) | | Consideration |
|---------------|--------------------|-------------|----------------|-------------|---------------------|
| | Increase | Cumulative | Increase | Cumulative | |
| Incorporation | - | 1,000,000 | - | 1,000,000 | Cash |
| 2008 | 249,000,000 | 250,000,000 | 249,000,000 | 250,000,000 | Cash |
| 2009 | - | 250,000,000 | - | 250,000,000 | - |
| 2010 | - | 250,000,000 | - | 250,000,000 | - |
| 2011 | - | 250,000,000 | - | 250,000,000 | - |
| 2012 | - | 250,000,000 | - | 250,000,000 | - |
| 2013 | - | 250,000,000 | - | 250,000,000 | - |
| 2014 | - | 250,000,000 | - | 250,000,000 | - |
| 2015 | - | 250,000,000 | - | 250,000,000 | - |
| 2016 | - | 250,000,000 | - | 250,000,000 | - |
| 2017 | 250,000,000 | 500,000,000 | - | 250,000,000 | - |
| 2018 | - | 500,000,000 | - | 250,000,000 | - |
| 2019 | - | 500,000,000 | 67,842,400 | 317,842,400 | Cash/Scrip Dividend |

22.2 Shareholding Structure

As at 31 December 2019, the shareholding structure of CardinalStone Partners Limited was as follows:

| Shareholders | Number of shares | % shareholding |
|---|--------------------|----------------|
| CardinalStone Limited | 129,416,700 | 40.7% |
| Bridgehampton Integrated Services Limited | 53,349,900 | 16.8% |
| Ifenwona Investments Limited | 26,334,300 | 8.3% |
| Mr. Afolabi Adeola | 25,993,700 | 8.2% |
| Chizzy Nigeria Limited | 16,700,000 | 5.3% |
| Others | 66,047,800 | 20.7% |
| Total | 317,842,400 | 100.0% |

22.3 Directors' Beneficial Interest

Below is the breakdown of director's holding beneficial interests in the issued share capital of CardinalStone Partners Limited:

| Directors | Number of shares | % shareholding |
|--------------------|------------------|----------------|
| Mr. Afolabi Adeola | 25,993,700 | 8.2% |

22.4 Subsidiaries and Associated Company

The Sponsor's effective interests and investments in subsidiaries as at 31 December 2019 are shown below:

| Entity | Holding (%) | Country |
|------------------------------------|-------------|---------|
| CardinalStone Securities Limited | 100.00% | Nigeria |
| CS Advance Finance Company Limited | 90.00% | Nigeria |
| CardinalStone Registrars Limited | 77.70% | Nigeria |
| CardinalStone Asset Management | 99.99% | Nigeria |

22.5 Claims and Litigations

As at the date of this Shelf Prospectus, the Sponsor does not have any claim or litigation against it.

22.6 Indebtedness

As at the date of this Shelf Prospectus, the Sponsor has no indebtedness.

22.7 Off Balance Sheet Items

As at December 31, 2019 the Sponsor had no Off Balance Sheet Items other than in the ordinary course of business.

22.8 Declarations

Except as otherwise disclosed in this Shelf Prospectus:

- No share of the Issuer or the Sponsor is under option or agreed conditionally or unconditionally to be put under option;
- No commissions, brokerages or other special terms have been granted by the Issuer or Sponsor to any person in connection with the Debt Issuance Programme or sale of any securities of the Issuer or the Sponsor;

- c. Save as disclosed herein, the directors of the Sponsor have not been informed of any holding representing 5% or more of the issued share capital of the Sponsor;
- d. There are no founders', management or deferred shares or any options outstanding in the Issuer or the Sponsor;
- e. There are no material service agreements between the Issuer/Sponsor 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 Issuer/Sponsor or any of its Directors and employees other than in the ordinary course of business;
- g. No Director of the Sponsor has had any interest, direct or indirect, in any property purchased or proposed to be purchased by the Sponsor in the five years prior to the date of this Shelf Prospectus; and
- h. No prosecution has been commenced against the Sponsor or any of its subsidiaries in respect of any breach of any securities or banking laws or CAMA

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

It is further declared that to the best of the Directors' knowledge as at the December 31, 2019:

- a. None of the shareholders/key management staff is under any bankruptcy or insolvency proceedings in any court of law;
- b. None of the shareholders/key management staff has been convicted in any criminal proceeding;
- c. None of the shareholders/key management staff is subject of any order, judgment or ruling of any court of competent jurisdiction or regulatory body relating to fraud or dishonesty.

22.9 Material Contracts

The following agreements have been entered into and are considered material to this Programme:

- a. A Programme Trust Deed dated December 30, 2020 among CardinalStone Financing SPV Plc, CardinalStone Partners Limited and United Capital Trustees Limited and Vetiva Trustees Limited in connection with the Programme. The extracts of the Programme Trust Deed are set out on pages 74 to 106 of this Shelf Prospectus;
- b. A Master Notes Issuance Agreement dated December 30, 2020 among CardinalStone Partners Limited, CardinalStone Financing SPV Plc and United Capital Trustees Limited and Vetiva Trustees Limited; and
- c. Deed of Undertaking dated December 30, 2020 by CardinalStone Partners Limited

Other material contracts in respect of any issuance of Bonds under the Programme will be disclosed in the Pricing Supplement issued in respect of that Series of Bonds.

22.10 Costs and Expenses

Costs and expenses in respect of any issuance of Bonds under this Programme shall be payable by the Issuer and shall be disclosed in the Applicable Pricing Supplement relating to the Bonds being issued.

22.11 Relationship between the Issuer, Sponsor and Other Advisers

The Investment Banking Division of the Sponsor is a Joint Issuing House on the Programme. The Issuer is also a Special Purpose Vehicle established by the Sponsor. Asides from these, 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.

22.12 Mergers or Acquisitions

As at the date of this Shelf Prospectus, the Directors are not aware of the following during the preceding financial year or current financial year:

- a. a merger or takeover offer by third parties in respect of the Sponsor's securities; and
- b. merger or takeover by the Sponsor in respect of another company's securities.

22.13 Consents

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

| | |
|----------------------------------|---|
| Directors of the Sponsor | Afolabi Adeola Michael Nzewi Mohammed Garuba Asue Ighodalo Maryam Bashir Yomi Jomibewon Femi Ogunjimi |
| Company Secretary of the Sponsor | Azizah Abiola |
| Directors of the Issuer | Michael Nzewi Mohammed Garuba |
| Company Secretary of the Issuer | Azizah Abiola |
| Issuing Houses | Chapel Hill Denham Advisory Limited FBNQuest Merchant Bank Limited FCMB Capital Markets Limited FSDH Capital Limited |
| Reporting Accountants | Ernst & Young Nigeria |
| Solicitor to the Programme: | Udo Udoma & Belo-Osagie |
| Solicitor to the Issuer: | Udo Udoma & Belo-Osagie |
| Stockbroker to the Issue | CardinalStone Securities Limited |
| Trustees | United Capital Trustees Limited Vetiva Trustees Limited |
| Registrars | DataMax Registrars Limited |
| Rating Agencies | Agusto & Co. Limited Global Credit Rating Co. Limited |
| Sponsor's Auditors | PKF Professional Services (Chartered Accountants) |
| Receiving Bank | Sterling Bank Plc |

22.14 Documents Available for Inspection

Copies of the following documents may be inspected at the Issuing Houses' offices as listed on Page 20 between 8.00 a.m. and 5.00p.m. on any Business Day throughout the validity of the Programme:

- a. Certificate of Incorporation of the Sponsor and the Issuer, duly certified by the CAC;
- b. Memorandum and Articles of Association of the Sponsor and Issuer, duly certified by the CAC;

- c. Audited Financial Statement of the Sponsor for the years ended December 31, 2015 to 2019;
- d. Reporting Accountants' Report on the audited accounts of the Sponsor for the three years ended December 31, 2017 to 2019;
- e. Board Resolution of the Sponsor dated 12 March, 2020, authorising the Debt Issuance Programme;
- f. Letter from the Securities & Exchange Commission dated December 24, 2020 approving the registration of the Shelf Prospectus;
- g. Shelf Prospectus issued with respect to the Debt Issuance Programme;
- h. Any Vending Agreements in relation to specific issuances under the Programme;
- i. Any Series Trust Deeds;
- j. Any Pricing Supplement;
- k. Consents of Parties referred to on pages 18 to 21;
- l. The schedule of claims and litigations and the opinion of the Solicitors to the Offer prepared in connection therewith; and
- m. Material contracts referred to on page 59

23. 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.

If you are in any doubt about the contents of this document or any action to be taken, it is recommended that you consult your Stockbroker, Banker, Solicitor, Accountant or any other professional adviser duly registered under the Investment and Securities Act No. 29, 2007. For information concerning certain Risk Factors which should be considered by prospective Qualified Institutional Investors and High Net-worth Investors, please refer to the section on risk factors in the Shelf Prospectus for the Bond Programme.

Investors may confirm the clearance of the prospectus and registration of the securities with the Securities & Exchange Commission by contacting the Commission on sec@sec.gov.ng or +234(0)94621100/+234(0) 94621168



CARDINALSTONE FINANCING SPV PLC (The Issuer)

RC: 1697215

Offer for Subscription

(By way of [●])

of

up to ₦ [●] Series [●]: [●]-Year [●]% [●] Rate Bonds due [●]

(being offered to Qualified Institutional Investors and High Net Worth Investors)

Under a ₦10,000,000,000 Debt Issuance Programme

Application List Opens: [●]

Application List Closes: [●]

This Pricing Supplement has been prepared pursuant to Rule 321 of the Rules and Regulations of the Securities & Exchange Commission ("the Commission" or "SEC") in connection with the issuance of ₦[●] Bonds under the ₦10,000,000,000.00 Debt Issuance Programme established by CardinalStone Financing 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. A copy of this Pricing Supplement has been delivered to the Commission for registration.

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 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"). An application has been made to the FMDQ for the admission of the Bonds to the Daily Official List of the FMDQ. The Bonds now being issued will upon admission to the Daily Official List qualify as a security in which Trustees may invest under the Trustees 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.

The Pricing Supplement is dated [●] 2020

| FINAL TERMS OF THE SERIES [●] BOND | | |
|--|--|---|
| 1 | Issuer: | CardinalStone Financing SPV Plc |
| 2 | Sponsor: | CardinalStone Partners Limited |
| 3 | Series Number: | [●] |
| 4 | Aggregate Principal Amount of Bonds: | [●] |
| 5 | Issue Price: | [●] |
| 6 | Denominations: | [●] |
| 7 | Issue Date: Interest Commencement Date (if different from 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 Notes: | [●] |
| 18 | Floating Rate Note Provisions: | [●] (If not, delete the remaining sub-paragraphs of the paragraph) |
| | ▪ Coupon Payment Date(s): | [●] |
| | ▪ Receiving Bank: | [●] |
| | ▪ Premium/Spread (if applicable): | [●] |
| | ▪ Relevant Time (if applicable): | [●] |
| | ▪ Screen Rate Determination: – Benchmark: | Actual/Actual: Actual/360 |

| | | |
|---|--|--|
| | <ul style="list-style-type: none"> - Coupon Determination: - Relevant Screen Page: | |
| | ▪ Day Count Fraction: | [•] |
| PROVISIONS RELATING TO REDEMPTION | | |
| 19 | Optional Early Redemption (Call Option): | [•] |
| 20 | Optional Early Redemption (Put Option): | [•] |
| 21 | Scheduled Redemption/ Amortization: | [•] |
| 22 | Redemption Amounts: | [•] |
| 23 | Scheduled Redemption Dates: | [•] |
| 24 | Final Redemption Amount: | [•] |
| GENERAL PROVISIONS APPLICABLE TO THE BONDS | | |
| 25 | ▪ Form of Bonds: | Dematerialized Bonds |
| | ▪ Form of Dematerialized Bonds: | [Registered/Certificate/Dematerialized] |
| | ▪ Registrar: | [•] |
| 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: | Central Securities Clearing System Plc |
| 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 | | |
| <p>Except as disclosed in this document and in the Shelf Prospectus dated XX XXXXX,2020, 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].</p> | | |
| 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