



CORONATION

MB Funding SPV Plc

RC: 1524786

(INCORPORATED WITH LIMITED LIABILITY IN THE FEDERAL REPUBLIC OF NIGERIA)

₦100,000,000,000

BOND ISSUANCE PROGRAMME

SHELF PROSPECTUS

Under this Bond Issuance Programme, Coronation MB Funding SPV PLC under the sponsorship of Coronation Merchant Bank Limited (the "Bank or "Sponsor"), may from time to time issue bonds or any other type of Debt Securities, in separate series, in amounts, at prices, and on terms to be set out in any accompanying Pricing Supplement.

The maximum aggregate nominal amount of all Debt Securities issued from time to time and outstanding under this Programme shall not exceed ₦100,000,000,000.00 over the three years (or such extended period that the Securities and Exchange Commission ("SEC") may approve). This Shelf Prospectus is to be read and construed in conjunction with any supplement hereto and all documents which are incorporated herein by reference and, in relation to any series of the Programme, together with the relevant Pricing Supplement.

This Shelf Prospectus has been reviewed and approved by the respective Boards of Coronation MB Funding SPV PLC ("Coronation MB Funding SPV" or the "Issuer" or the "Company") and the Sponsor and they jointly and individually accept full responsibility for the accuracy of all information given.

INVESTMENT IN THE BONDS IS STRICTLY FOR ELIGIBLE INSTITUTIONAL INVESTORS AND HIGH NETWORTH INDIVIDUALS AS DEFINED UNDER RULE 321 OF THE RULES AND REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION 2013 (AS AMENDED).

This Shelf Prospectus and the Debt Securities that it offers have been approved and registered by the Securities & Exchange Commission (the "Commission"). It is a civil wrong and criminal offence under the Investments and Securities Act No. 29 of 2007 (the "Act" or "ISA") to issue a prospectus which contains false or misleading information. The clearance and registration of this Shelf Prospectus and the Debt 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. Investors are advised to note that liability for false or misleading statements or acts made in connection with the prospectus is provided in sections 85 and 86 of the ISA.

This Shelf Prospectus has been issued in compliance with the ISA, SEC Rules and Regulations, 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 Commission for the purpose of giving information with regard to the ₦100,000,000,000 Coronation MB Funding SPV PLC Bond Issuance Programme ("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 (as defined herein) of instruments, together with the relevant 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.

The registration of the Shelf Prospectus and any Pricing Supplement thereafter does not in any way whatsoever suggest that the Commission endorses or recommends the securities or assumes responsibility for the correctness of any statement made or opinions or reports expressed therein. No Debt Security will be allotted or issued on the basis of this Shelf Prospectus read together with a Pricing Supplement later than three (3) years (or such extended period that the Commission may approve) from the date of this Shelf Prospectus or such other time frame prescribed by the Commission following its issue.

LEAD ISSUING HOUSE



RC: 264978

JOINT ISSUING HOUSES

CHAPEL HILL  DENHAM

ADVISORY LIMITED
RC: 1381308



RC: 207138



RC: 444999

THIS SHELF PROSPECTUS IS DATED JANUARY 23, 2019

This Shelf Prospectus will be available on the following websites through the 3 years Validity Period

www.coronationmb.com; www.sec.gov.ng

This document is important and should be read carefully. If you are in any doubt about its contents or the action to take, kindly consult your Stockbroker, Accountant, Banker, Solicitor or any other professional adviser for guidance immediately. **FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS SEE "RISK FACTORS" ON PAGES 91-94**

TABLE OF CONTENT

IMPORTANT NOTICE	3
INFORMATION RELATING TO THIS SHELF PROSPECTUS	5
ISSUE OF PRICING SUPPLEMENT.....	6
DECLARATION BY THE ISSUER	7
DECLARATION BY THE SPONSOR.....	8
GLOSSARY	9
PARTIES TO THE PROGRAMME	14
THE PROGRAMME.....	17
TRANSACTION OVERVIEW.....	18
SUMMARY OF THE PROGRAMME	20
TERMS AND CONDITIONS OF THE PROGRAMME	24
OVERVIEW OF THE NIGERIAN ECONOMY	35
OVERVIEW OF THE NIGERIAN BANKING INDUSTRY	41
DESCRIPTION OF CORONATION MB FUNDING SPV PLC	49
DESCRIPTION OF CORONATION MERCHANT BANK LIMITED	52
EXTRACT FROM THE RATING REPORT ON CORONATION MERCHANT BANK LIMITED	63
EXTRACT FROM THE REPORTING ACCOUNTANTS REPORT.....	65
TAX CONSIDERATIONS	90
RISK FACTORS	91
STATUTORY AND GENERAL INFORMATION	95
FORM OF PRICING SUPPLEMENT	126

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

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

Neither this Shelf Prospectus nor any other information supplied in connection with the Programme or the Debt Securities: (a) is intended to provide the basis of any credit or other evaluation; or (b) should be considered as a recommendation by either the Issuer or the Bank or any of the Professional Parties involved in the establishment of the Programme that any recipient of this Shelf Prospectus or any other information supplied in connection with the Programme, the Issuer or the Bank should purchase any Debt Securities.

Each investor contemplating purchasing any Debt Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer and the Bank. Neither this Shelf Prospectus nor any other information supplied in connection with the Programme or Debt Securities constitutes an offer or invitation by or on behalf of the Issuer, the Bank or any of the parties to the Programme to any person to subscribe for or to purchase any Debt Securities.

1. Presentation of Information

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

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

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

2. Financial Information

Unless otherwise indicated, the financial information regarding the Bank indicated in this Shelf Prospectus has been derived from the Reporting Accountants' Report on the Bank's audited consolidated financial statements for the years ended 31 December 2015 - 31 December 2017. The Bank's audited consolidated financial statements have been prepared in accordance with (a) International Financial Reporting Standards; (b) the requirements of the CAMA, (c) the Financial Reporting Council of Nigeria Act 2011, and are presented in Naira, the reporting currency of the Bank.

3. Rounding

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

4. Forward-Looking Statements

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

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

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

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

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

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

This Shelf Prospectus has been prepared by the Issuer, the Bank and Issuing Houses in connection with the ₦100,000,000,000 Bond Issuance Programme of the Issuer (pursuant to which the Issuer will issue Debt Securities) for the purpose of giving information to the prospective investors in respect of the Debt Securities described herein. The SEC has cleared this Prospectus and registered the securities listed herein.

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

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

The members of the Bank's Board and Issuer's Board individually and collectively accept full responsibility for the accuracy of the information contained herein and have taken reasonable care to ensure that the material facts contained herein are true and accurate in all material respects and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no material facts, the omission of which, would make any material statement herein misleading or untrue. Additional information may be obtained through the offices of the Issuing Houses as listed on page 13 of this Shelf Prospectus on any Business Day during the period of the respective opening and closing dates of the issuance of Debt Securities under the Bond Issuance Programme, provided the Issuing Houses possess such information or can acquire it without unreasonable effort or expense.

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

Following the publication of this Shelf Prospectus, a Pricing Supplement would be prepared by the Issuer, the Sponsor and Issuing Houses for the approval of the SEC in accordance with Rule 279 (3)(6)(b) of the SEC Rules and Regulations.

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

Each of Coronation Merchant Bank Limited and Coronation MB Funding SPV Plc. declares to the best of its knowledge and honest belief, that no material facts have been omitted from nor is there any material misstatement in this Shelf Prospectus, which would make any statement contained herein misleading or untrue. They shall, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Shelf Prospectus which is capable of affecting the assessment of the Bonds, prepare a Pricing Supplement to this Shelf Prospectus or publish a new Shelf Prospectus for use in connection with any subsequent issue of Bonds.



18 September 2018

DECLARATION BY THE ISSUER

This prospectus has been prepared by the Issuing Houses on behalf of Coronation MB Funding 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 Issue and the investment in the securities issued therein.

On behalf of the Issuer, we hereby make the following declarations:

- 1. We confirm that the information contained in this prospectus is to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import;
- 2. There has been no significant change in the financial condition or material adverse in the financial prospects of the Issuer since incorporation; and
- 3. The Issuer, nor any of its subsidiaries, has not during the twelve (12) calendar months immediately preceding the date of the application to the Securities and Exchange Commission for registration of this Shelf Prospectus, breached any terms and condition in respect of borrowed monies which has resulted in the occurrence of an immediate recall of such borrowed monies.

We hereby confirm that none of the directors or management team of Coronation MB Funding SPV PLC have been involved in any bankruptcy, insolvency, conviction or judgment in connection with matters related to fraud or dishonesty.

**Signed for and on behalf of:
CORONATION MB FUNDING SPV PLC**

By its duly authorized representatives:


Ibikunle Oriola
Director


Michael Thomas
Director


Folashade Adeloye
Director




PGC ACHIGASIM
SOLICITOR & NOTARY PUBLIC
33A PARK LANE APAPA
LAGOS 09/09/18
08023530353





31 August 2018

DECLARATION BY THE SPONSOR

This prospectus has been prepared by the Issuing Houses on behalf of Coronation MB Funding SPV PLC (the "Issuer") and Coronation Merchant Bank Limited (the "Sponsor" or the "Bank") for the purposes of providing information to prospective investors on relevant aspects of the Issuer and the Sponsor in connection with the Issue and the investment in the securities issued therein.


On behalf of the Sponsor, we hereby make the following declarations:

1. We confirm that the information contained in this prospectus is to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import;
2. There has been no significant change in the financial condition or material adverse in the financial prospects of the Bank since the audited financial statements for the period ended 31 December 2017; and
3. The bank, nor any of its subsidiaries, has not during the twelve (12) calendar months immediately preceding the date of the application to Securities and Exchange Commission for registration of this Shelf Prospectus, breached any terms and condition in respect of borrowed monies which has resulted in the occurrence of an immediate recall of such borrowed monies.

We hereby confirm that none of the directors or management team of Coronation Merchant Bank Limited have been involved in any bankruptcy, insolvency, conviction or judgment in connection with matters related to fraud or dishonesty.

Signed for and on behalf of:
CORONATION MERCHANT BANK LIMITED

By its duly authorized representatives:


Chukwukadibia Okoyo
Chief Financial Officer


Cornelia I. Utuk
Company Secretary


Abubakar Jimoh
MD/CEO



Mr. Ademola Odehinde
Mr. Feyyaz Ozkan

Mr. Ibem Ogun
Mr. John Olorun
Mr. Oluwafemi Fajana
Mr. Oluwaseun Ojo
Mr. Suleman Oshin




KELECHI ONWUBIKO
SOLICITOR & NOTARY PUBLIC
12TH FLOOR BOOKSHOP HOUSE
893 BROAD STREET, LAGOS
Tel: 08023247564
10.09.2018

GLOSSARY

Except where expressed otherwise, the following definitions apply throughout this document.

"Applicable Pricing Supplement" or "Pricing Supplement"	The document(s) to be issued pursuant to this Shelf Prospectus, which shall provide final terms and conditions of a specific Series or Tranche of Bonds under the Programme
"Allotment Date"	Date on which the Bonds are allotted to Bondholders
"Board" or "Directors"	Board of Directors of the Bank or the Issuer as the case may be
"Bonds" or "Debt Securities"	Any instrument of indebtedness issued by the Issuer on a continuing basis in accordance with the terms of this Shelf Prospectus and any subsequent Pricing Supplement with the aggregate Principal Amount of ₦100,000,000,000 which the Issuer obligates itself to pay to a Bondholder the aggregate Principal Amount together with any Coupons (if any) on the specified dates after the Issue Date
"Bondholder" or "Holder"	Any registered owner or beneficial owner of Bond units or other Debt Securities to be issued under the Programme
"Business Day"	Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria on which banks are open for business in Nigeria
"CAMA"	Companies and Allied Matters Act, Cap C20, LFN, 2004
"CBN"	Central Bank of Nigeria
"CITA"	Companies Income Tax Act Cap. C21 LFN, 2004 (as amended by the Companies Income Tax (Amendment) Act No. 11 of 2007)
"CITA Order"	The Companies Income Tax (Exemption of Bonds and Short-Term Government Securities) Order 2011 made pursuant to the CITA.
"Coupon"	The interest paid on the Bond periodically, expressed as a percentage of the face value
"Coupon Commencement Date"	The Issue Date for any particular Series of Bonds, or such other date as may be specified in the Applicable Pricing Supplement, from which interest on the Bonds begins to accrue to the Bondholder or Holder
"Coupon Payment Date"	The date on which a Coupon falls due for payment to the Bondholders, as specified in the Applicable Pricing Supplement
"Coupon Period"	The period from (and including) a Coupon Payment Date (or the Coupon Commencement Date) to (but excluding) the next Coupon Payment Date
"Coupon Rate"	Interest rate payable to Bondholders or Holders as stated in the Applicable Pricing Supplement
"CSCS" or the "Clearing System"	Central Securities Clearing Systems Plc, the operator of the securities depository, the Central Securities Clearing Systems
"Exchange Rate"	The applicable ₦/US\$ currency exchange rate which shall be the applicable CBN clearing rate at the allotment date
"Face Value"	The par value of a Bond
"Federal Government" or "FGN" or "the Government"	Federal Government of Nigeria
"Fixed Rate Bonds"	A Bond on which the rate of interest it yields for the Bondholder is fixed at the time of issue and will not change during the life of the Bond

GLOSSARY

"Floating Rate Bonds"	A Bond which pays interest in accordance with a variable benchmark rate as prescribed in the Applicable Pricing Supplement
"FMDQ"	FMDQ OTC Plc, a SEC licensed OTC market securities exchange
"High Net Worth Individual"	An individual whose aggregate net worth of investment assets (excluding personal homes, automobiles and furniture) exceeds ₦100 million, in addition to possession of evident capacity, expertise and sophistication to undertake high risk investment activities as defined by the June 2017 amendment to Rule 321 of the SEC Rules and Regulations, 2013
"IFRS"	International Financial Reporting Standards
"ISA or "the Act""	Investments and Securities Act, No 29, 2007
"Issuer"	Coronation MB Funding SPV Plc
"Issue Date"	In respect of any particular Series or Tranche, the date on which the relevant series of the Bonds are issued, as specified in the Applicable Pricing Supplement
"Issuing Houses"	The Lead Issuing House and the Joint Issuing Houses
"Joint Issuing Houses"	Chapel Hill Denham Advisory Limited Coronation Merchant Bank Limited United Capital Plc, and any other issuing house appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Series
"Joint Trustees" or "Trustees"	Coronation Trustees Limited Custodian Trustees Limited DLM Trust Company Limited UTL Trust and Management Services Limited
"Lead Issuing House"	FBNQuest Merchant Bank Limited, and any other Issuing House appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Series
"LFN 2004"	Laws of the Federation of Nigeria 2004
"Maturity Date"	The date as specified in each Applicable Pricing Supplement on which the principal amount is due for redemption
"Naira", "NGN" or "₦"	The Nigerian Naira
"NBS"	National Bureau of Statistics
"Nigeria"	The Federal Republic of Nigeria
"Notes"	Debt instruments issued by the Sponsor to the Issuer
"NSE" or "the Exchange"	The Nigerian Stock Exchange
"OTC"	Over the Counter
"PFAs"	Pension Fund Administrators
"PITA"	The Personal Income Tax Act, Cap P8, LFN 2004 (as amended by the Personal Income Tax (Amendment Act) 2011
"Professional Parties"	Professionals engaged by the Issuer to facilitate the registration and issuance of the Debt Securities

GLOSSARY

"Programme"	The ₦100,000,000,000 Bond Issuance Programme described in this Shelf Prospectus and any other Supplement pursuant to which the Issuer may issue several separate Series or Tranches of Debt Securities from time to time with varying maturities, terms and conditions variable rates of interests; provided however that the aggregate value does not exceed ₦100,000,000,000
"Programme Trust Deed"	The deed entered into by the Issuer and the Trustees dated January 23, 2019 which empowers the Trustees to hold, administer and manage the Debt Service Account (where applicable) in respect of each series of Bonds issued pursuant to the Programme, and appoints the Trustees to act on behalf of Bondholders
"Principal Amount"	The nominal amount of each Debt Security, as specified in the Applicable Pricing Supplement
"Qualified Institutional Investor"	A purchaser of securities that is financially sophisticated, which includes Banks, Fund Managers, PFAs, Insurance Companies, Investment/Unit Trusts, Multilateral and Bilateral Institutions, Registered and/or Verifiable Private Equity Funds, Registered and/or verifiable Hedge Funds, Market Makers, Staff Schemes, Trustees/Custodians, Stock Broking Firms and any other category as the Commission may determine as stipulated by Rule 321 of the SEC Rules and Regulations
"Rating Agencies"	Agusto & Co. Limited ("Agusto") DataPro. Limited ("DataPro"), or any other SEC-registered rating agency appointed by the Sponsor
"Redemption Amount"	The aggregate Principal Amount outstanding in respect of the Bonds on the Maturity Date
"Register"	The record maintained by the Registrar detailing the particulars of Bondholders and respective Bonds held by each Bondholder
"Registrar"	United Securities Limited ("USL") and/or, if applicable, any successor Registrar
"SEC Rules and Regulations" or "SEC Rules"	The Rules and Regulations of the SEC 2013 (or as amended from time to time), issued by the SEC pursuant to the ISA
"SEC" or the "Commission"	The Nigerian Securities and Exchange Commission
"Series"	A Tranche together with any further Tranche or Tranches which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects except for their respective Issue Dates, and/or Issue Prices
"Share Trustee"	ARM Trustees Limited
"Shelf Prospectus"	The document issued in accordance with the Rules and Regulations of the Commission, which details the aggregate size and broad terms and conditions of the Programme
"Sponsor"	Coronation Merchant Bank Limited
"Supplemental Trust Deed" or "Series Trust Deed"	A deed supplementing or modifying the provisions of the Programme Trust Deed entered into by the Issuer and the Trustees and

GLOSSARY

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

INCORPORATION OF DOCUMENTS BY REFERENCE

This Shelf Prospectus should be read and construed in conjunction with the Sponsor's Audited Annual Report for the financial years ended 31 December 2015 – 31 December 2017, comprising of the audited annual financial statements of the Sponsor (and the notes thereto) and any quarterly or interim financial statements of the Sponsor for the life of the Programme and prepared in compliance with the IFRS issued by the International Accounting Standards Board prescribed by the Financial Reporting Council of Nigeria ("FRCoN") (which include standards and interpretations approved by the FRCoN), together with its pronouncements thereon from time to time on a consistent basis.

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

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

FBNQuest Merchant Bank Limited 16 Keffi Street South-West Ikoyi Lagos +234 1 270 2290	Chapel Hill Denham Advisory Limited 45, Saka Tinubu Street Victoria Island Lagos +234 1 461 0691	Coronation Merchant Bank Limited 10, Amodu Ojikutu Victoria Island Lagos +234 1 236 6235	United Capital Plc 12th Floor, UBA House 57 Marina Lagos Island Lagos +234 1 280 8471
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PARTIES TO THE PROGRAMME

Issuer	
Coronation MB Funding SPV PLC 1 Mekunwen Road Off Oyinkan Abayomi Drive Ikoyi, Lagos	
Board of Directors & Company Secretary of the Issuer	
Folashade Adeloje (Director) 1 Mekunwen Road Off Oyinkan Abayomi Drive Ikoyi, Lagos	Michael Abiodun Thomas (Director) 1 Mekunwen Road Off Oyinkan Abayomi Drive Ikoyi, Lagos
Ibikunle Oriola (Director) 1 Mekunwen Road Off Oyinkan Abayomi Drive Ikoyi, Lagos	Cornelia Utuk (Company Secretary) 10, Amodu Ojikutu Street Victoria Island Lagos
Sponsor	
Coronation Merchant Bank Limited 10, Amodu Ojikutu Street Victoria Island Lagos	
Board of Directors of the Sponsor	
Babatunde Folawiyo (Chairman) 10, Amodu Ojikutu Street Victoria Island Lagos	Abubakar Jimoh (Managing Director/CEO) 10, Amodu Ojikutu Street Victoria Island Lagos
Adamu M. Atta (Non-Executive Director) 10, Amodu Ojikutu Street Victoria Island Lagos	Babatunde Dabiri (Non-Executive Director) 10, Amodu Ojikutu Street Victoria Island Lagos
Evelyn Oputu (Non-Executive Director) 10, Amodu Ojikutu Street Victoria Island Lagos	Larry Ettah (Non-Executive Director) 10, Amodu Ojikutu Street Victoria Island Lagos
Suzanne Iroche (Non-Executive Director) 10, Amodu Ojikutu Street Victoria Island Lagos	Idaere Gogo Ogan (Non-Executive Director) 10, Amodu Ojikutu Street Victoria Island Lagos
Olubunmi Fayokun (Non-Executive Director) 10, Amodu Ojikutu Street Victoria Island Lagos	Banjo Adegbohunge (Executive Director /COO) 10, Amodu Ojikutu Street Victoria Island Lagos
Onome Komolafe (Executive Director) 10, Amodu Ojikutu Street Victoria Island Lagos	Cornelia Utuk (Company Secretary) 10, Amodu Ojikutu Street Victoria Island Lagos
PROFESSIONAL PARTIES	

PARTIES TO THE PROGRAMME

Lead Issuing House			
FBNQuest Merchant Bank Limited 16 Keffi Street South-West, Ikoyi Lagos			
Joint Issuing Houses			
Chapel Hill Denham Advisory Limited 45, Saka Tinubu Street Victoria Island Lagos	Coronation Merchant Bank Limited 10, Amodu Ojikutu Street Victoria Island Lagos	United Capital Plc 12th Floor, UBA House 57 Marina Lagos Island Lagos	
Joint Trustees			
Coronation Trustees Limited 10 Amodu Ojikutu Street Victoria Island Lagos		DLM Trust Company 10 th Floor, Elephant House 214 Broad Street Marina, Lagos	
Custodian Trustees Limited 16A Commercial Avenue Sabo, Yaba Lagos		UTL Trust Management Services Limited ED Building (2 nd Floor) 47 Marina Street Lagos Island, Lagos	
Share Trustees			
ARM Trustees Limited 1 Mekunwen Road Off Oyinkan Abayomi Drive Ikoyi, Lagos			
Solicitors to the Issuer			
The New Practice 49 Raymond Njoku Street Ikoyi Lagos			
Solicitors to the Issue			
Aluko & Oyebode 1, Murtala Mohammed Drive (Formerly Bank Road) Ikoyi Lagos			
Stockbrokers to the Issue			
Afrinvest Securities Limited 27 Gerard Road, Ikoyi, Lagos, Nigeria	Coronation Securities Limited 10 Amodu Ojikutu Street Victoria Island Lagos	Union Capital Markets Limited 7 Fatai Durosinmi Etti Crescent, off Ligali Ayorinde Street Victoria Island, Lagos	Vetiva Securities Limited 266B Kofo Abayomi Street Victoria Island Lagos
Reporting Accountants			

PARTIES TO THE PROGRAMME

Ernst & Young 10 th Floor - UBA House 57 Marina Lagos	
Rating Agencies	
Agusto & Co. Limited UBA House (5th Floor) 57 Marina Lagos Island Lagos	DataPro Limited Ashakun House, 16/17 Lake Street Off Broad Street, Apongbon Lagos Island Lagos
Registrars	
United Securities Limited 9 Amodu Ojikutu Street Victoria Island Lagos	
Receiving Bank	
Access Bank Plc Plot 999c Danmole Street Victoria Island Lagos	
Sponsor's Audit Committee	
1. Suzanne IROCHE	- Chairperson
2. Babatunde DABIRI	- Member
3. Larry ETTAH	- Member
4. Evelyn OPUTU	- Member

THE PROGRAMME

This Shelf Prospectus is being issued in compliance with the provisions of the ISA, the SEC Rules and Regulations and the listing and quotation requirements of FMDQ and the NSE, and contains particulars in compliance with the requirements of the SEC, the NSE, and FMDQ for the purpose of giving information to the public with regards to the ₦100,000,000,000 Bond Issuance Programme being undertaken by the Issuer. An application will be made to the Board Listings and Quotations Committee of the FMDQ OTC Plc and/or the NSE for admission to its platform of each Series of the Bonds to be issued under the Programme.

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

LEAD ISSUING HOUSE



JOINT ISSUING HOUSES



On behalf of



INCORPORATED AS A PUBLIC COMPANY WITH LIMITED LIABILITY IN THE FEDERAL REPUBLIC OF NIGERIA

are authorized to issue this Shelf Prospectus in respect of the ₦100,000,000,000 Bond Issuance Programme

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

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

This Shelf Prospectus contains:

- on page 7 (Declaration by the Issuer), the declaration to the effect that the Bank did not breach any terms and conditions of borrowed monies during the twelve (12) calendar months immediately preceding the date of filing an application with the SEC for the registration of this Shelf Prospectus;
 - on pages 24-34, the Terms & Conditions of the Programme;
 - on page 63, extracts of the Rating Reports prepared by Augusto & Co Limited and Global Credit Ratings Co. Limited;
 - on page 65, the Reporting Accountant's Report on the audited consolidated financial statements of the Bank, prepared by Ernst & Young; and
 - on page 122, details of Claims and Litigation prepared by Aluko & Oyeboade
-

THIS SHELF PROSPECTUS IS DATED JANUARY 23, 2019

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

Description of Transaction Structure

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

Utilization of the Issue Proceeds

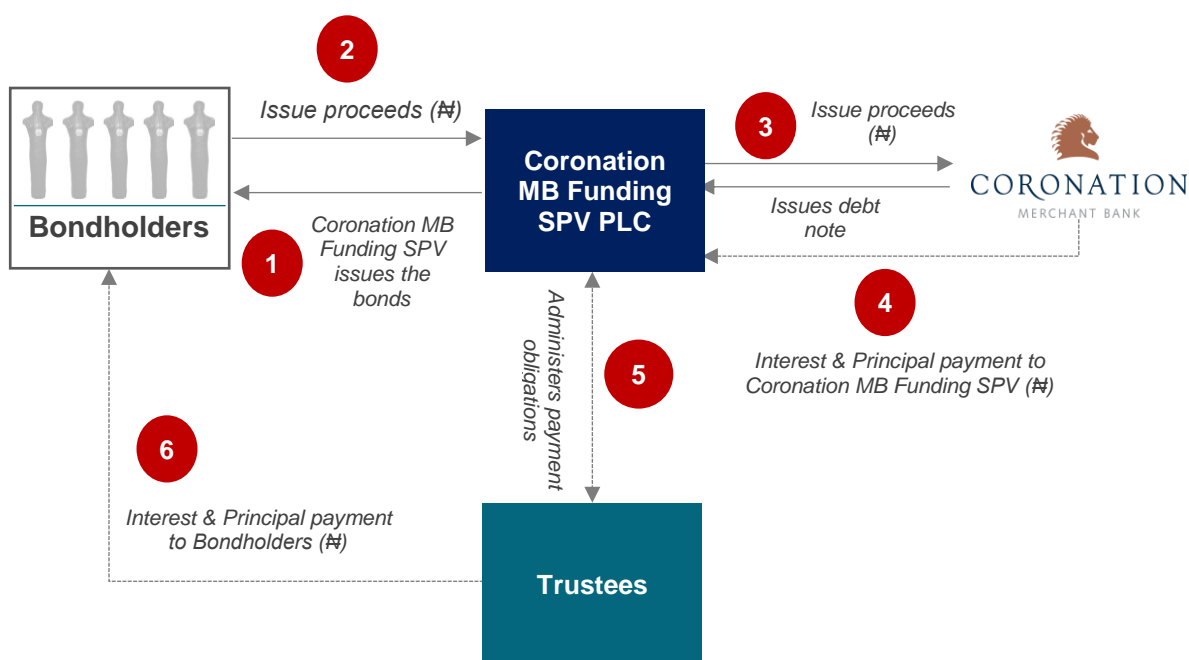
Net proceeds of the Debt Securities under the Programme will be used to purchase Notes issued by the Sponsor pursuant to the MNPA, while the Sponsor will apply the net proceeds towards its risk asset generation.

Servicing of the Bonds

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

Undertaking

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



Principal Transaction Documents

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

1. **Master Notes Purchase Agreement (“MNPA”):** The MNPA is an agreement between the Issuer, the Sponsor and the Joint Trustees by which the Issuer (called the “Purchaser” in this context) agrees to purchase Notes issued by the Sponsor using proceeds from the sale of Debt Securities as stipulated under this Shelf Prospectus.
2. **Deed of Undertaking:** This is an undertaking by the Sponsor in favour of the Issuer and the Joint Trustees (i) the settlement of payment obligations of the Issuer, (ii) ensuring the performance by the Issuer of all its obligations under the Transaction documents, (iii) ensuring compliance with all applicable laws and regulations including performance of all necessary acts for the legal and efficient running of the Issuer as a going concern during the entire term of the Programme.
3. **Programme Trust Deed and Series Trust Deed:** These are the agreements between the Issuer and the Joint Trustees which sets out the terms, conditions and covenants governing the issuance of Debt Securities, the appointment of Trustees and the relationship between the parties under the Programme.

SUMMARY OF THE PROGRAMME

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

Issuer	<ul style="list-style-type: none"> Coronation MB Funding SPV Plc
Sponsor	<ul style="list-style-type: none"> Coronation Merchant Bank Limited
Programme Size	<ul style="list-style-type: none"> ₦100,000,000,000
Lead Issuing House	<ul style="list-style-type: none"> FBNQuest Merchant Bank Limited
Joint Issuing Houses	<ul style="list-style-type: none"> Chapel Hill Denham Advisory Limited Coronation Merchant Bank Limited United Capital Plc
Methods of Issue	<ul style="list-style-type: none"> The Bonds under this Programme may be issued by way of a public offer, private placement, book build process, or any other method permitted by the SEC and as specified in the Applicable Pricing Supplement
Use of Proceeds	<ul style="list-style-type: none"> The proceeds of the bonds to be issued under the Programme will be used to purchase Notes issued by Coronation Merchant Bank Limited pursuant to the Master Notes Purchase Agreement
Interest Rates	<ul style="list-style-type: none"> The Bonds may be interest-bearing or non-interest bearing. Interest (if any) may be at a fixed rate or vary as indicated in the Applicable Pricing Supplement and may vary during the lifetime of the relevant Series
Currency	<ul style="list-style-type: none"> Bonds will be denominated in Nigerian Naira or such currency or currency units as may be agreed between the Issuer, the Sponsor and the Issuing Houses, subject to compliance with all applicable legal and/or regulatory requirements of the Commission
Ratings	<ul style="list-style-type: none"> The Bonds issued under this Programme will be rated by at least two rating agencies duly registered with the SEC and such rating shall be reviewed annually in accordance with the Rules and Regulations of the Commission
Status of the Bonds	<ul style="list-style-type: none"> The Bonds are direct and unsubordinated obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the Issuer under the Bonds and in respect of principal and any coupon on the Bonds shall at all times rank at least equally with all unsecured obligations of the Issuer, present and future except for obligations mandatorily preferred by law applying to companies generally
Events of Default	<ul style="list-style-type: none"> The events of default under the Bonds are as specified in the Programme Trust Deed and as modified in respect of any Series by the applicable Supplemental Trust Deed. The Trustees shall notify the Commission of such event(s) of default as required by the SEC Rules and Regulation
Form of the Bonds	<ul style="list-style-type: none"> The Bonds will be issued in registered (dematerialized) form. The issue and ownership of the Bonds will be effected and evidenced by the Particulars of the Bonds being entered in the Register by

SUMMARY OF THE PROGRAMME

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

SUMMARY OF THE PROGRAMME

Redemption	<ul style="list-style-type: none"> ▪ Bonds may be redeemable at par or at such other Redemption Amount as may be specified in the Applicable Pricing Supplement
Negative Pledge	<ul style="list-style-type: none"> ▪ As stated in Condition 6 of the first Schedule to the Programme Trust Deed, for as long as any of the Bonds remain outstanding, the Issuer shall not, without the prior consent of the Trustees in writing, create or permit to subsist any Security Interest to secure any Financial Indebtedness, 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 Bondholders
Business Day Convention	<ul style="list-style-type: none"> ▪ Where the day on which a payment is due to be made is not a Business Day, that payment shall be effected on the next succeeding Business Day unless that succeeding Business Day falls in a different month in which case, payment shall be made on the immediate preceding Business Day
Listing	<ul style="list-style-type: none"> ▪ Each Series of Bonds will be listed on the FMDQ and/or the NSE and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system as may be agreed between the Issuer and the Issuing Houses
Bonds Trading & Liquidity	<ul style="list-style-type: none"> ▪ Bonds may trade OTC or on any other recognized trading platform between banks and qualified market counterparties. Dealers will be obliged to quote two-way prices for the Bonds
Taxation	<ul style="list-style-type: none"> ▪ Income and interest earned from the Bonds by individual Bondholders will be exempted from tax imposed under the PITA by virtue of item 31 of the Third Schedule to the PITA. This exemption currently has no limitation as to period. ▪ The income and interest earned from the Bonds by corporate Bondholders will be exempted from tax imposed under the CITA by virtue of the CITA Order, effective from 2nd January 2012. This exemption is for a period of 10 years from the commencement date of the CITA Order unless otherwise extended. ▪ The proceeds from the disposal of the Bonds will be exempted from VAT imposed under the VAT Act by virtue of the VAT Order, effective from 2nd January 2012. This exemption is for a period of 10 years from the commencement date of the VAT Order unless otherwise extended. In any case, upon the expiry of the VAT Order, VAT should not be charged on the disposal of the Bonds. This is because the VAT Act does not currently impose VAT on the proceeds realised from a disposal of intangible properties such as securities. However, at that time, the proceeds of the disposal of the Bonds could be held by the FIRS to be subject to VAT. ▪ In view of the above, the Issuer will not be required by law to withhold tax on Coupon payments to the Bondholders. Therefore, all amounts payable under the Bonds will be paid without deduction or withholding for or on account of any income tax. In relation to Bonds with a maturity date later than 2nd January 2022 which are held by corporate Bondholders, the Issuer shall be

SUMMARY OF THE PROGRAMME

	<p>required by law, to withhold tax on Coupon payments to such corporate Bondholders. Withholding tax implications in respect of the Coupon payments on the Bonds to Holders who are corporate entities for the period after 2nd January 2022 will be stated in the Applicable Pricing Supplement. The exemption order for Coupon payment to individual Bondholders is indefinite pursuant to the provisions of the PITA.</p> <ul style="list-style-type: none"> ▪ The Bonds are also exempt from VAT payable on commissions on stock exchange transactions by virtue of the VAT Exemption Order. Accordingly, commissions payable to the SEC, the NSE and the Clearing System will not be subject to VAT until 24th July 2019. This exemption only applies to trading of securities on The NSE and does not extend to the FMDQ. As a result, Bondholders may have to pay VAT on fees payable in connection with Bonds traded on the FMDQ
Terms and Conditions:	<ul style="list-style-type: none"> ▪ The terms and conditions applicable to each Series (the “Terms and Conditions”) will be agreed between the Issuer, the Sponsor and the Issuing Houses at or prior to the time of issuance of such Tranche or Series, and will be specified in the Applicable Pricing Supplement. The Terms and Conditions applicable to each Tranche or Series will therefore be those set out on pages 24 - 34 hereof as supplemented, modified or replaced by the Applicable Pricing Supplement
Other Conditions	<ul style="list-style-type: none"> ▪ Such other Terms and Conditions as may be incorporated by reference to, modified by, or supplemented by applicable Supplementary Shelf Prospectus for the Issue
Statement of Indebtedness	<ul style="list-style-type: none"> ▪ Save as disclosed, the Bank has no outstanding loans, charges or other similar indebtedness
Governing Law	<ul style="list-style-type: none"> ▪ The Bonds and all related contractual documentation will be governed by, and construed in accordance with Nigerian law
Transaction Documents	<ul style="list-style-type: none"> ▪ Shelf Prospectus ▪ Applicable Pricing Supplement ▪ Programme Trust Deed ▪ Series Trust Deed ▪ Share Trust Deed ▪ Master Notes Purchase Agreement ▪ Vending Agreement ▪ Deed of Undertaking ▪ Reporting Accountants Report ▪ Solicitors’ Opinion on Claims and Litigation & Material Contracts ▪ Rating Reports

TERMS AND CONDITIONS OF THE PROGRAMME

The following is the text of the general terms and conditions which, (subject to amendment and as completed, modified, supplemented, varied or replaced, in whole or in part, by the final terms which are set out in the relevant Series Trust Deed and/or Supplementary Shelf Prospectus (the “Final Terms”) and, save for the italicised text), will apply to the Bonds.

The provisions of these terms and conditions set out below (the “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 may 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 Conditions shall be deemed to so modify, supplement or replace, in whole or in part, the provisions of these Conditions; alternative or optional provisions of these 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 Conditions; and all provisions of these Conditions which are inapplicable to the Bonds shall be deemed to be deleted from these Conditions, as required to give effect to the terms of the relevant Final Terms.

GENERAL NOTES

- (1) The Bonds are constituted by and under a Programme Trust Deed (the “**Trust Deed**”) dated January 23, 2019 between Coronation MB Funding SPV PLC (the “**Issuer**”), Coronation Trustees Limited, Custodian Trustees Limited, DLM Trust Company Limited and UTL Trust Management Service Limited, and, (the “**Trustees**”) as supplemented by the relevant Series Trust Deed between the Issuer and the Trustees. The Bondholders are entitled to the benefit of and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the relevant Series Trust Deed applicable to them. Copies of the Trust Deed are available for inspection at the respective offices of the Trustees set out in Clause 34 of the Programme Trust Deed and at the offices of the Registrar as specified in the Pricing Supplement.
- (2) Any 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 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 Series of Bonds to be so constituted thereby.
- (3) These Conditions include summaries of and are subject to the detailed provisions of the Trust Deed and the relevant Series Trust Deed. The Bondholders 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.
- (4) Words and expressions defined in the Trust Deed (as same may be amended, varied or supplemented from time to time with the consent of the Parties thereto) are expressly and specifically incorporated into and shall apply to these Conditions.
- (5) Capitalised terms used but not defined in these Conditions shall have the meanings attributed to them in the Trust Deed unless the context otherwise requires or unless otherwise stated.

1. FORM, DENOMINATION

Form and Denomination

Bonds issued under the Programme may be fixed rate bonds, floating rate bonds, discounted or a combination thereof in denominations as may be specified in the relevant Pricing Supplement.

The Bonds shall be issued in uncertificated (dematerialised or book-entry) form, which shall be registered with a separate securities identification code with the CSCS. The Bondholders may deal in the Bonds in accordance with the CSCS procedures and guidelines.

2. Repayment

The principal on the Bonds will be repaid on the relevant Maturity Date or on an amortising basis in accordance with the terms of the relevant Series or such date as the Trustees in accordance with the Trust Deed declares the Bonds to have become immediately repayable, together with such premium (if any) agreed in the relevant Series Trust Deed, on such Bonds.

3. Redemption

3.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled, the Issuer will redeem the Bonds at their principal amount on such dates as specified in the Series Trust Deed.

3.2 Redemption prior to Maturity

3.2.1 Subject to the terms of the relevant Series Trust Deed and the approval of the CBN, the Issuer may redeem the whole or any part of the Bonds any time after five (5) years of the issuance, upon giving the holders of the Bonds to be redeemed not less than three months' notice of its intention to do so, and at the expiration of such notice, the Issuer shall be entitled and bound to redeem the Bonds in respect of which such notice has been given.

3.2.2 In the event of the Issuer at any time determining to redeem part only of the Bond for the time being outstanding, the particular Bond to be redeemed shall be selected by drawing to be made as provided in Condition 10 or at the option of the Issuer pro rata to holdings.

3.2.3 Early redemption shall take place on such terms as shall be agreed in the relevant Series Trust Deed or on such terms as shall be determined by the Bondholders or the relevant Bondholder whose Bond is to be redeemed at 11a.m on the date set for redemption.

3.2.4 In the case of redemptions made under this Condition, not less than 3 (three) month's previous notice in writing of the date fixed for redemption, which shall be a Coupon Repayment Date, shall be given by the Issuer to each Bondholder any of whose Bond is to be redeemed. Such notice shall state the amount of the Bond due for redemption and the condition under which such redemption is to be effected and shall name the date and place for redemption of such Bond.

3.3 Redemption for Taxation Reasons

If so specified in the Pricing Supplement, the Bonds may be redeemed at the option of the Issuer in whole, or in part, if on giving not less than 30 (thirty) not more than 60 (sixty) days' notice to the Bondholders (which notice shall be irrevocable) at their early redemption amount together with the Coupon accrued to the date fixed for redemption, if:

- (i) the Issuer satisfies the Trustees and the Commission 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 Nigeria or any political subdivision or any authority thereof or therein having power to impose tax (other than the expiry of the exemption in respect of the Bonds set out in the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 (made pursuant to the Companies Income Tax Act (Chapter C21) LFN 2004 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

- (ii) 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 90 (ninety) 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 Commission a certificate signed by two 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, 90 (ninety) 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, 60 (sixty) 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.

4. Purchase of Bond by the Issuer

The Issuer may at any time and from time to time purchase any part of the Bonds through the market or by tender (available to all Bondholders alike) but not otherwise. Any Bond so purchased will be cancelled and will not be available for re-issue.

5. Status of the Bonds

The Bonds are direct and unconditional obligations of the Issuer and the status of the Bonds shall be as set out under the relevant Pricing Supplement and Series Trust Deed.

6. Covenants by the Issuer

6.1 Negative Pledge

For as long as any of the Bonds remain outstanding, the Issuer shall not, without the prior consent of the Trustees in writing, create or permit to subsist any Security Interest to secure any Financial Indebtedness, 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 Bondholders.

6.2 Further Indebtedness

For as long as the Bonds remain outstanding and save as provided in this Trust Deed, the Issuer may incur any other indebtedness for borrowed moneys provided that such further indebtedness shall not be in breach of Condition 6.1 above.

6.3 Restricted Payments

The Issuer 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.

7. Coupon

If a Pricing Supplement so specifies, the Bonds of that Series will bear Coupon from the Coupon Commencement Date at the Coupon Rate(s) specified in, or determined in accordance with, the Pricing Supplement and such Coupon will be payable in respect of each Coupon Period on the Coupon Payment Date(s) specified in the Pricing Supplement. The Coupon payable on the Bonds of any Series for a period other than a full Coupon Period shall be determined in accordance with the Pricing Supplement.

7.1 Coupon on Fixed Rate Bonds

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

7.2 Coupon on Floating Rate Bonds

(a) General

The Floating Rate Bonds (being those Bonds that specify that the coupon is payable at a floating rate) shall bear interest on its Principal Amount by reference to a specified floating rate benchmark plus a margin as may be described in the applicable Pricing Supplement and/or Series Trust Deed.

(b) Coupon Payment Dates

The Floating Rate Bonds shall bear coupon on its Principal Amount from (and including) the Coupon Commencement Date at the rate equal to the Coupon Rate payable in arrears on the Coupon Payment Date(s).

(c) Coupon Rate

The Coupon payable from time to time in respect of each of the Floating Rate Bonds will be determined in the manner specified in the applicable Pricing Supplement.

(d) Calculation of Coupon

The Coupon amount payable in respect of the Bonds shall be calculated by applying the Coupon Rate to the specified denomination and multiplying such sum by the applicable Day Count Fraction.

For the Purposes of Condition 7.2 (d):

“*Day Count Fraction*” means, in respect of the calculation of an amount of Coupon for any Coupon Period (specified in the applicable Pricing Supplement):

- (i) if “Actual/365” is specified, the actual number of days elapsed in the Coupon Period divided by 365; or
- (ii) such other specified calculation method.

7.3 Discounted Bonds

The Zero-Coupon Bonds (being those Bonds that are issued at a discount to their face value) will be issued at an issue price such that the yield to maturity is reflected in the difference between the discounted issue price and the final redemption amount of such Zero Coupon Bond as specified in the applicable Pricing Supplement and/or Series Trust Deed. Zero Coupon Bonds will not bear Coupon other than in the case of late payment, which will be calculated as specified in the applicable Supplementary Shelf Prospectus and/or Series Trust Deed.

8. Sinking Fund/Debt Service Reserve Account

8.1 The provisions of this Condition 8 will only apply where provision is made for a sinking fund or debt service reserve account in the relevant Series Trust Deed. Where no such provision is made, this Condition 8 shall not apply to the Bonds.

8.2 The Issuer shall, not later than the date specified in a Series Trust Deed for any Series, cause payments to be made into a bank account which shall be called a “Sinking Fund Account” or “Debt Service Reserve Account” (“DSRA”) which shall be managed by the Trustees and shall form part of the trust property. The Issuer shall irrevocably authorise the Chief Finance Officer or any officer for the time being in charge of the finance of the Issuer to deduct, as a first charge on the Issuer’s cashflows and to place to the credit of the Sinking Fund Account or the DSRA (in accordance with the Series Trust Deed setting up a particular Series and referenced in the Applicable Pricing Supplement), such sum or sums from the finance of the Issuer, at the Issuer’s discretion not below the sum as stipulated in the Series Trust Deed on a monthly basis which sum shall be applied by the Trustees towards the payment of Coupon and the redemption, at par, of the Bond PROVIDED THAT the Trustees at their discretion may ask the Issuer to increase the amount being credited to the account if in its opinion the amount being credited to the account may not be sufficient to meet Coupon and principal repayment due on the Bonds at any time.

8.3 Authorised Investment

Any monies standing to the credit of the Sinking Fund Account or the DSRA may, at the discretion of the Trustees in consultation with the Issuer, be invested by the Trustees in their name or under their legal control in any investments for the time being authorised by the Trustees Investment Act for the investment of trust monies or such other instruments as may be agreed by the Trustees and the Issuer, or in any other investments which may be approved by the Commission. **PROVIDED HOWSOEVER** that the Trustees shall, while any Bonds are outstanding, render accounts on a half-yearly basis to the Issuer.

8.4 If at any time prior to the date specified in the Series Trust Deed, the Issuer redeems any Bond under the provisions of Condition 3 hereof or purchases any Bond under the provisions of Condition 4 above, the Trustees shall remit to the Issuer such monies received from the Issuer for the credit of the DSRA which are over and above the amount necessary to meet all future coupon payments and principal redemptions, at par, PROVIDED THAT, subject to Clause 14 of the Deed, the Trustees in their absolute discretion may withhold such sums as deemed necessary to maintain a cushion against coupon fluctuations.

9. Cancellation of Bonds

Any part of the Bonds redeemed or purchased shall be cancelled and the Issuer shall not keep such Bond valid for the purpose of re-issue.

10. Drawing of Bonds for Redemption

Whenever under these Conditions a drawing of Bond for redemption is required to be made, the Issuer shall (subject as provided in these Conditions) cause such drawing to be made at the registered office of either of the Trustees for the time being or at some other place approved by the Trustees. Notice in writing of the day, time and place of every such drawing shall be given by the Issuer to the Trustees and any person appointed by the Trustees shall be entitled to be present at such drawing. Every such drawing shall be made in such manner and by such methods as the Trustees may approve as convenient for selecting the amount of Bonds required to be drawn.

11. Delivery of Document

If required by the Issuer every Bondholder whose Bond is due to be redeemed under these Conditions shall not later than the due date for such redemption deliver up any such document(s) as may be required by the Issuer.

12. Trusts

- 12.1 Except as required by law, or as ordered by a court of competent jurisdiction, the Issuer will recognise the Bondholder of any Bond as the absolute owner of such Bond and shall not be bound to take notice or see to the execution of any trust whether express, implied or constructive to which any Bond may be subject.
- 12.2 The receipt by a Bondholder for the time being of any Bond (or in the case of joint registered holders, the payment to the joint Bondholder whose name stands first in the Register) of the principal of such Bond or of any other money payable in respect of such Bond shall be a good discharge to the Issuer notwithstanding any notice it may have whether express or otherwise of the right, title, coupon or claim of any other person to or in such principal, dividend or other money. No notice of any trust whether express, implied or constructive shall (except as provided by statute or as required by a court of competent jurisdiction) be entered in the Register in respect of any Bond.

13. Freedom from Equities

Every Bondholder will be recognised by the Issuer as entitled to his Bond free from any equities, set-off or cross-claim on the part of the Issuer against the original or any intermediate holder of the Bond.

14. Transfers

- 14.1 The Bond is transferable in amounts or integral multiples of an amount specified in the Series Trust Deed.
- 14.2 Transfers of the Bond shall be by an instrument in writing in any form the Issuer and the Trustees may approve.
- 14.3 If the Bonds are listed, the Bonds shall be transferred on the Relevant Exchange in accordance with the rules and regulation of the Relevant Exchange.
- 14.4 Every instrument of transfer must be signed by or on behalf of the transferor or where the transferor is a corporation, properly executed according to its constitutional documents, and

TERMS AND CONDITIONS OF THE PROGRAMME

the transferor shall be deemed to remain the owner of the Bonds until the name of the transferee is entered in the Register.

- 14.5 Every instrument of transfer must be left for registration at the place where the Register shall for the time being be kept accompanied by such evidence as the Issuer may require to prove the title of the transferor or his right to transfer the Bond and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do.
- 14.6 Closed Periods: No Bondholder may require the transfer of a Bond to be registered during the period of 15 (fifteen) days ending on the due date for any payment of principal or Coupon on that Bond.

15. Transmission

- 15.1 In the case of the death of a Bondholder the survivor or survivors where the deceased was a joint holder and the executor or administrator of the deceased where he was a sole or only surviving holder shall be the only person recognised by the Issuer as having any title to such Bond.
- 15.2 Any person becoming entitled to any Bond in consequence of the death or bankruptcy of any Bondholder or of any other event giving rise to the transmission of such Bond by operation of law may upon producing such evidence of his title as the Registrars shall think sufficient, be registered as the holder of such Bond himself or, subject to Condition 14, may transfer such Bond without himself being registered as the holder of such Bond.

16. Method of Payment of Principal Money, Coupon and Premium

Payment of the Principal, Coupon and premium (if any) for the time being owing or due on all or any part of the Bond will be credited to the bank account nominated for this purpose by the Bondholder or in the case of joint registered Bondholders by the joint Bondholders or any other method as the Trustees may determine.

17 Receipts for Money Paid

If several persons are entered in the register as joint holders of any Bond, then the receipt by any of such persons of any Coupon or principal or other money payable on or in respect of such Bond shall be as effective a discharge to the Issuer as if the person signing such receipt were the sole registered holder of such Bond.

18 Title

Transfer of title to Bonds issued in uncertificated form shall be effected in accordance with the rules governing transfer of title in securities held by CSCS. In these Conditions, Bondholders and (in relation to a Bond) holder means the person in whose name a Bond is registered in the Register of Bondholders.

19 Events of Default

If any of the following events stated in this Condition 19 ("Events of Default") have occurred and are continuing in accordance with the time frame set out below, the Trustees may at their discretion or shall,

- i. if so requested in writing by the Majority Bondholders; or
- ii. if so directed by an Extraordinary Resolution of the Bondholders,

TERMS AND CONDITIONS OF THE PROGRAMME

give written notice to the Issuer at its specified office that the Bonds are immediately repayable whereupon the Principal Amount Outstanding on the Bonds together with accrued Coupon shall become immediately due and repayable:

TERMS AND CONDITIONS OF THE PROGRAMME

- 19.1 Non-Payment:** if the Issuer fails to pay any sums representing principal, coupon and premium (if any) on the Bond or any fees or other sums as they fall due in accordance with this Deed unless its failure to pay is caused by an administrative or technical error, and payment is made within 10 (ten) Business Days of its due date. Provided however that where such non-payment is due to a Force Majeure event the Trustees may in their discretion (after consultation with the Issuer) determine that such Force Majeure event can be remedied within a reasonable period after the grace period referred to above in this Clause and extend the grace period;
- 19.2 Cross Default:** if any Financial Indebtedness of the Issuer of a value exceeding ₦100,000,000,000.00 in aggregate (for the avoidance of doubt, any amounts being contested in good faith shall not be counted towards such value) is not paid when due or within any applicable grace period, or the Financial Indebtedness of the Issuer of a value exceeding ₦100,000,000,000.00 in aggregate is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an Event of Default (however described) and such event shall be certified in writing by the Trustees to be in their opinion materially prejudicial to the interest of the Bondholders;
- 19.3 Insolvency:** If
- 19.3.1 the Issuer is unable, for the purposes of CAMA, to pay its debts, or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its Financial Indebtedness;
- 19.3.2 A Moratorium is declared in respect of any Financial Indebtedness of the Issuer, and such Moratorium is not discharged within 45 (forty-five) Business Days after it was declared. Provided that the Issuer is able to show to the satisfaction of the Trustees within 10 (ten) Business days after such Moratorium is declared that it is in good faith negotiating for the lifting of the Moratorium;
- 19.3.3 Any corporate action or legal proceedings is concluded and judgment given against the Issuer in relation to:
- 19.3.3.1 a Moratorium of any Financial Indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer other than a solvent liquidation or any reorganisation of the Issuer;
- 19.3.3.2 the appointment of a liquidator (other than in respect of a solvent liquidation of the Issuer) receiver, administrator, administrative receiver or other similar officer in respect of the Issuer or any of its assets; or
- 19.3.3.3 any analogous procedure or step is taken in any jurisdiction, and such proceeding is not dismissed or terminated on or before the 30 (thirtieth) Business Day (which would exclude days on which Nigerian courts are on vacation) after the order is made or if any such dismissal or stay ceases to be in effect (or such longer period as the Trustees may permit) PROVIDED THAT the Issuer has within 10 (ten) Business Days filed good faith legal proceedings in the relevant court for the order to be set aside, dismissed or stayed;
- 19.4 Cessation of Business:** if the Issuer ceases to conduct all or substantially all of its business as is now conducted or changes all or substantially all of the nature of such business or merges or consolidates with any other entity without the prior written consent of the Trustees pursuant to Clause 7.7 of the Trust Deed; or

- 19.5 Material Adverse Effect:** If a Material Adverse Effect has occurred;
- 19.6 Enforcement Proceedings:** if any distress, execution or other process shall be levied or enforced or sued upon or against any asset(s) of the Issuer having an aggregate value of ₦3,000,000,000.00 (Three Billion Naira) (“Assets”) and such action or process is not discharged, or stayed within 90 (ninety) days of service by the relevant officer of the court of such attachment, execution or other legal process or if an encumbrancer shall take possession or a Receiver shall be appointed over the Assets of the Issuer and such event shall be certified in writing by the Trustees to be in their opinion materially prejudicial to the interests of the Bondholders PROVIDED THAT if the Issuer has filed good faith legal proceedings in the relevant court for application for dismissal or stay within 10 (ten) Business Days of becoming aware of the order or action, then such shall not be regarded as an Event of Default; or
- 19.7 Breach of Other Obligations:** Other than Non-Payment as in Condition 19.1, if default shall be made by the Issuer in the performance or observance of any covenant, condition, provision or agreement including the representations and warranties which default will affect the capacity of the Issuer to perform its payment obligations under this Trust Deed, and the Issuer shall fail to perform fully or make good the breach of such covenant, condition, provision or agreement within 30 (thirty) days from receipt of notice in writing by the Trustees (or in their opinion such longer period as the Trustees may reasonably determine is not materially prejudicial to the interests of the Bondholders);

20. Notices

- 20.1 Any notice or other document may be given to or served on any Bondholder either personally or by sending it by electronic mail, by post in a prepaid envelope or delivering it addressed to him at his registered address or (if he desires that notices shall be sent to some other persons or address) to the person at the address supplied by him to the Issuer for the giving of notice to him.
- 20.2 In the case of joint registered holders of any Bond a notice given to the Bondholder whose name stands first in the Register shall be sufficient notice to all the joint holders.
- 20.3 Any notice or other document duly served on or delivered to any Bondholder under these conditions shall (notwithstanding that such Bondholder is then dead or bankrupt or that any other event has occurred and whether or not the Issuer has notice of the death or the bankruptcy or other event) be deemed to have been duly served or delivered in respect of any Bond registered in the name of such Bondholder as sole or joint holder unless before the day of posting (or if it is not sent by post before the day of service or delivery) of the notice or document his name has been removed from the Register as the holder of the Bond and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or claiming through or under him) in the Bond.
- 20.4 Any notice shall be deemed to have been served on the seventh (7th) day following that on which the letter containing the notice is posted and in proving such service it shall be sufficient to prove that the envelope containing the notice or the notice itself was properly addressed, stamped and posted. Any notice given by delivery otherwise than by post shall be deemed given at the time it is delivered to the address specified.

21. Meetings of Bond holders

The rights and duties of the Bondholders in respect of attendance at meetings of Bondholders are set out in the Second Schedule of the Trust Deed (Provisions for Meetings of Bondholders). Decisions taken at Bondholders meetings may only be exercised by the Trustees in accordance with the Trust Deed or under these Conditions. For the avoidance of doubt, the Conditions of the Bond can only be amended with the consent of the Parties as that term is defined in the Trust Deed.

22. Governing Law

The Bonds are governed by, and shall be construed in accordance with, the laws of Nigeria.

23. Prescription

Claims against the Issuer in respect of the Bonds shall be void unless presented for payment within ten (10) years (in the case of principal) and five years (in the case of interest), from the due date for payment of any amount due on such Bonds.

The information in this section and the next have been extracted from publicly available data obtained from organizations such as the Central Bank of Nigeria (“CBN”), the National Bureau of Statistics (“NBS”), the Economist Intelligence Unit (“EIU”), the World Bank, the International Monetary Fund (“IMF”) and other sources believed to be reliable. The Issuer and its advisers have relied on the accuracy of this information without independent verification and make no representation as to its accuracy.

Introduction

Nigeria is Africa’s most populous nation with a population of approximately 190 million people as at 2017, accounting for about 47% of the West African populace with an average annual growth of 2.8% and an ever-increasing urbanisation rate. According to the United Nations, the country’s population is expected to surpass that of the United States of America by 2050. The country’s young, increasingly urban, educated and burgeoning working-age population, which is estimated at 53% of its demography, will drive increasing consumption, and contribute to Nigeria’s overall economic growth. The table below provides a summary of Nigeria’s key economic indicators:

Economic Indicators	2013	2014	2015	2016	2017	2018 (Q2)
Nominal GDP (USD’bn) ¹	514.3	530.0	477.89	336.9	376.1	195.46
Real GDP Growth ¹	5.4%	5.9%	2.7%	(1.5%)	1.7%	1.50%
Population (mn) ¹	175.7	181.4	187.3	193.4	-	-
Inflation (end of year) ¹	8.0%	8.0%	9.55%	18.55%	15.37%	11.23%
Oil Production (‘000 B/D) ²	2,193	2,188	2,119	1,835	1,890	-
Exchange Rate (NGN/USD) ³	155.7	168.0	197.0	304.5	305.5	305.3

Gross Domestic Product (GDP)

The Nigerian economy faced numerous challenges which impacted overall economic activity in the past two years. Sharp decline in oil process, continued insurgence in the northern part of Nigeria and unrest in the Niger Delta region throughout the second and third quarters of 2016 affected economic activities within the country and challenged the ability of the Government to address social and economic disparities in the country.

In Q2 2018, Nigeria’s Gross Domestic Product (GDP) grew by 1.50% year-on-year (y-o-y) in real terms to ₦16.58 trillion. Growth in Q2 2018 was 0.79% higher when compared to the second quarter of 2017 which recorded a growth of 0.72%, but 0.45% slower than the 1.95% recorded in the first quarter of 2018 principally as a result of the contraction in the oil sector. On a quarter-on-quarter basis, real GDP growth in Q2 2018 was 2.94%.

The main drivers of the improvements in the Q2 2018 GDP were Telecommunications (10.43% of GDP) which grew 11.54% y-o-y; Agriculture (22.86% of GDP) which grew by 1.19% y-o-y; and Manufacturing (9.29% of GDP) which grew by a marginal 0.68% y-o-y. By contrast, Trade (16.45% of GDP) contracted by 2.14% y-o-y; Oil and Gas (8.55% of GDP) fell by 3.955 y-o-y; and Real Estate (6.83% of GDP) fell by 3.88% y-o-y. According to the Minister of Budget and National Planning, Senator Udoma Udo Udoma, the contraction in the oil and gas sector was attributable to some production

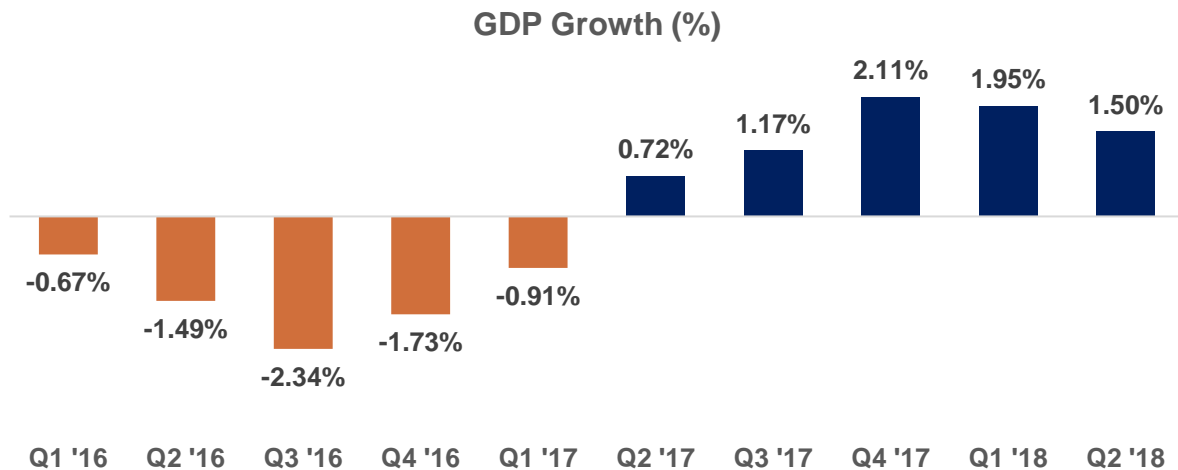
¹ National Bureau of Statistics

² Nigerian National Petroleum Corporation

³ Central Bank of Nigeria

OVERVIEW OF THE NIGERIAN ECONOMY

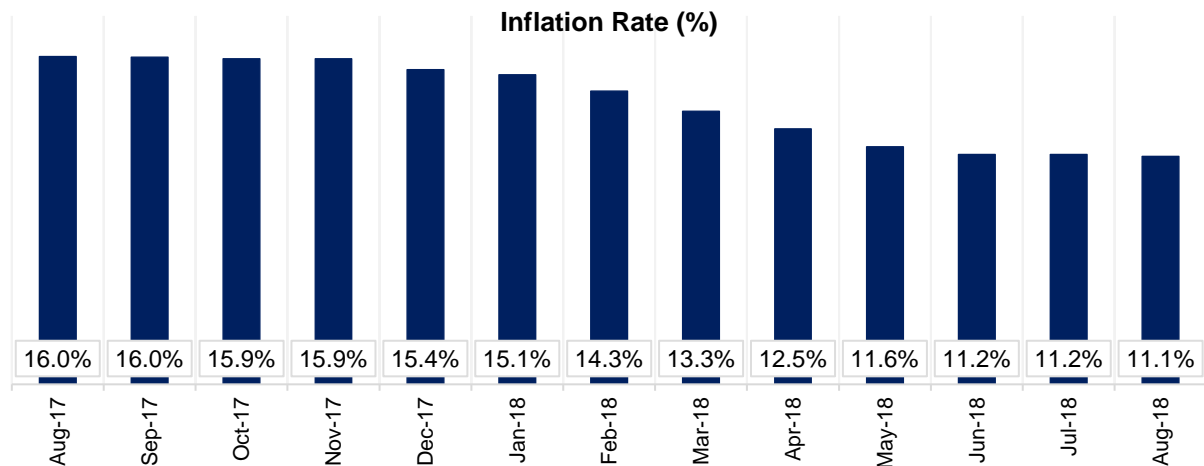
issues which are being addressed by the Nigerian National Petroleum Corporation. The average crude oil production was only 1.84 million barrels per day (mbpd) in Q2 2018 as opposed to an average of 2 mbpd.



Source: National Bureau of Statistics

Inflation

Nigeria's inflation rate increased to 11.23% in August 2018 from 11.14% in the prior month representing a 9bps increase. This halted the trend of disinflation spanning eighteenth consecutive months since January 2017. On a month-on-month basis, annual core inflation which excludes price of volatile agricultural products fell to 10.02% in August from 10.18% in the previous month. Food inflation notched higher to 13.16% in August, stocking lingering concerns that food prices continue to be stick downwards, with two months of temporary reliefs straddling Q2. Month-on-month, food inflation had been trending upwards since February 2018⁴.



Source: National Bureau of Statistics

Fiscal Policy

⁴ National Bureau of Statistics

The effect of weaker crude oil prices on the budgetary position experienced in 2016 is beginning to reverse. The 2018 budget though passed late is focused on fiscal consolidation, economic growth and employment generation. The budget size was increased to ₦9.1trillion upon passage by the National Assembly, marking a ₦500 billion hike on the initial amount proposed by the Executive Arm. The additions were mostly due to increase in capital expenditure from ₦2.43 trillion to ₦2.87 trillion. The Statutory Transfer allocation was also increased from ₦456 billion to ₦530 billion⁵. Non-debt recurrent expenditure formed 38% of the budget (₦3.5 trillion). With total revenue projected at ₦7.17 trillion, the budget deficit amounted to ₦1.95 trillion. The budget was based on an assumed oil price of US\$51/barrel, exchange rate of NGN305/US\$, a GDP growth rate of 3.5% and inflation rate of 12.4%⁵.

The Federal Government has also shown commitment to rebalancing its local-to-foreign debt portfolio by successfully issuing another Eurobond of US\$2.5 billion in February 2018. The Ministry of Finance has adopted policies to increase the non-oil revenue such as the Voluntary Asset and Income Declaration Scheme (VAIDS), as well as the Whistle Blower Policy.

Monetary Policy

The Monetary Policy Rate (“MPR”) which is the benchmark interest rate in the market, is subject to periodic reviews by the Monetary Policy Committee (“MPC”) in response to prevailing liquidity conditions in order to achieve financial stability. The MPC has continued its tight monetary stance amidst declining inflation by maintaining MPR at 14.00% with asymmetric window of +200 and -500 basis points around the MPR. The Cash Reserve Requirement (“CRR”) and Liquidity Ratio were retained at 22.50% and 30.00% respectively. In the MPC’s decision to hold the present rate, it was noted that risks to the macroeconomic and financial environment appears fairly balanced with improvements in output growth and inflation. The upcoming elections and the recently passed 2018 budget were cited as possible causes for increase in the inflation rate.

Foreign Reserves

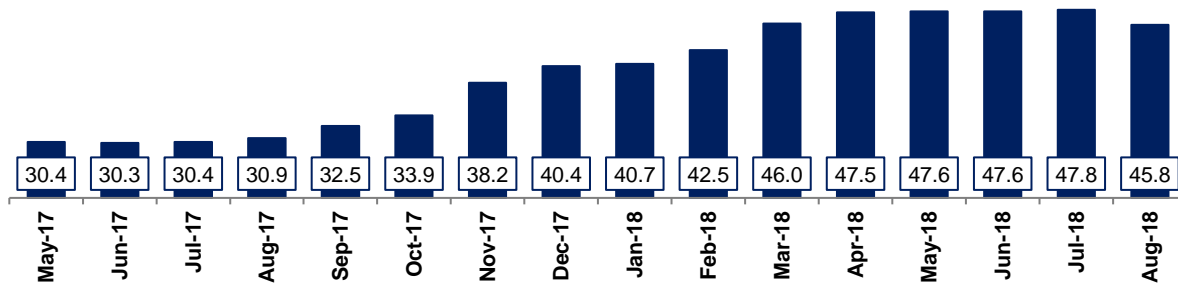
According to the CBN, Nigeria’s gross external reserves stood at US\$45 billion as at September 2018 representing an increase of US\$ 7.08 billion from December 2017⁶ and a slight decrease of US\$2 billion from the US\$47.12 billion recorded in July 2018, which was the highest level witnessed in the last five years. Issued Eurobonds between November 2017 and February 2018 amounted to about US\$5 billion, while upward trajectory of oil prices and stability in domestic production have all contributed to the rise in the external reserves over the last few years.

The country also witnessed an increase in capital importation between 2016 and 2017. According to the NBS, capital inflow into Nigeria increased by more than six times in 2017 and further by 30% in Q1 2018. Domestic import bill however declined due to increased import substitution initiatives driven by large corporates, the Naira devaluation and capital control measures imposed by the CBN. While the reserve position is weaker than the closing figures for Q2 18 (\$47.79 billion), a stock of \$45.83 billion is significantly higher than its position one-year ago and provides insulation from devaluation fears in the short-term.

⁵ *BudgIT*

⁶ *Central Bank of Nigeria*

Foreign Reserves (US\$ billion)



Source: CBN

Financial Market Overview

The CBN has slowed its efforts to mop up liquidity in the economy, the average yield of treasury bills and bonds reduced from 14.30% in Q4'2017 to 12.04% in Q2'2018. As a result of the increased liquidity in the market, the open buy-back (OBB) and overnight (O/N) rates at the end of Q2-2018 were at 11.28% and 12.60% respectively compared to 14.03% and 15.17% in Q4'2017, these figures mark a 2.75% and 2.57% reduction respectively from Q4'2017⁷. The major factor that led to the increased liquidity was the policy to reduce the level of reliance on domestic debt which are deemed more expensive than foreign debt. Nigeria successfully issued US\$2.5 billion worth of Eurobond in February 2018 to refinance its maturing domestic obligations, thus increasing the nation's Eurobond debt portfolio to US\$6.75 billion, and her total external borrowing to US\$22.71 billion, narrowing the Naira-US Dollar debt mix to 70:30 (compared to 73:27 in September 2017)⁸.

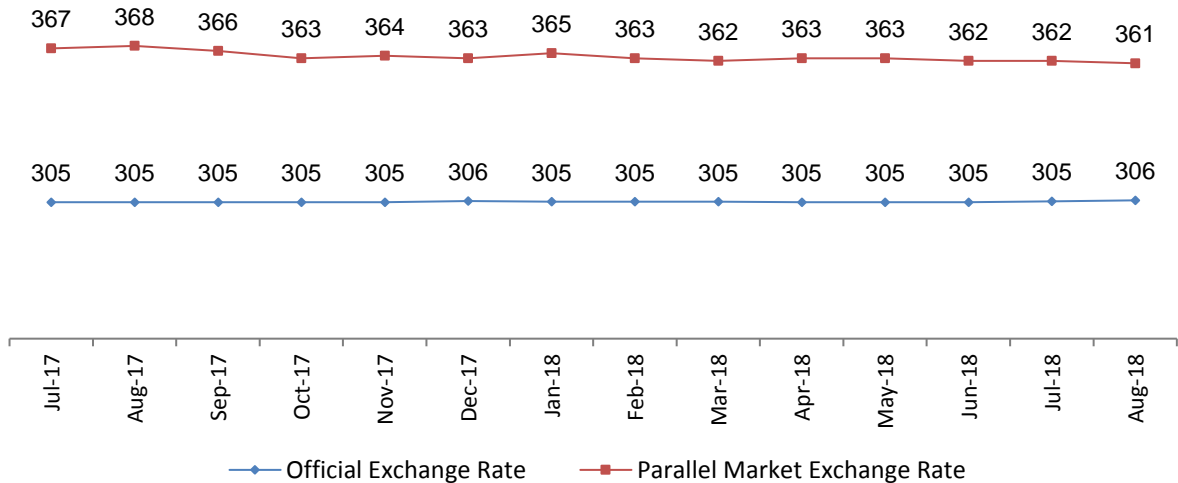
Foreign Exchange Market Overview

The Nigerian foreign exchange has been stable in the last 3 quarters due to the introduction of the I & E window in the second quarter of 2017, the sustained direct CBN intervention in the market, the devaluation of the naira, increased corporate import substitution strategies and subsisting capital controls by the CBN including the exclusion of 41 items from the NIFEX window. As at the end of Q2-18 the average rate across segments fell to ₦342.25/US\$ from ₦342.6/US\$ as at Q4-17. The official rate remained at ₦305.75/US\$ while the parallel market and I&E window settled at ₦362.0/US\$ and ₦359.0/US\$ respectively for Q2-2018. More recently, capital repatriations from Emerging markets due to monetary policy normalization in the US, fears of ripple effects from the brewing Sino-American trade conflict and economic uncertainties associated with political regime changes in select developing markets, has compelled monetary authorities in affected states to deploy tightening in defence of their local currencies. The Naira has continued to trade in a narrow range against the US dollar, backed by higher oil receipts. The CBN has had to increase the tempo of its dollar sales to keep the currency stable and wad off headwinds of exchange rate induced price volatility, that could further weaken a fragile recovery since exiting the last recession.

⁷ FMDQ

⁸ DMO

OVERVIEW OF THE NIGERIAN ECONOMY



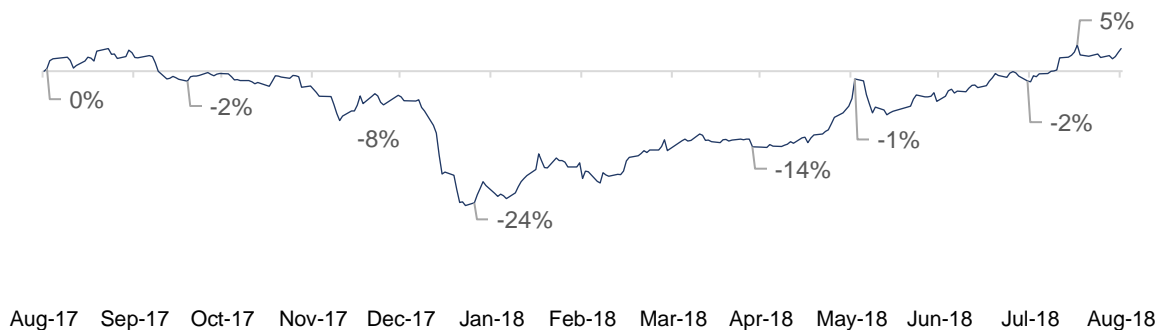
Source: Central Bank of Nigeria, abokifx.com

Equities Market Overview

The equities market experienced a bearish run which wiped off about 14% in gains between February and June 2018. The ASI eased to 38,278.55 points in June 2018 despite impressive FY-17 results submitted by corporates (38,243.19 in December 2017)⁹+. Increased political uncertainty generated by pre-election activities, reduced foreign portfolio investment, slow pace of recovery in the economy, delay in passage of the 2018 budget, and insecurity in some parts of the country are deemed responsible for the bearish performance of the All Share Index. Risk-averse investors also have greater incentives to wind down positions in emerging market economies, pare their losses or preserve their capital, especially as returns in developed markets improve.

The primary market issuance, which also affects the activity in the capital market, have been few and far between. Since 2013, only two companies have carried out Initial Public Offerings (“IPOs”) while some listed companies have approached the market for rights issuances to existing shareholders. We are likely to see another IPO soon as MTN Nigeria, the largest telecommunication company in Nigeria, recently revealed plans to raise up to ₦153billion (US\$500 million) from the sale of shares.

Performance of the NSE ASI



Source: Bloomberg

⁹ CapitalIQ

Macroeconomic Outlook

The Nigerian economy is still heavily dependent on the revenue from the oil sector and as such will be significantly affected by any adverse developments in the global oil market. The probability of any adverse conditions is not unlikely given the ongoing trade war on between the U.S.A. and a number of its traditional allies and China on one hand, and the threat on the Iran Nuclear deal on the other. Oil prices have however, been stable and given its current trajectory, the consensus outlook for the rest of the year is positive. According to the IMF and the World Bank (2018), the Nigerian economy is expected to expand by 2.1%¹⁰. The country could possibly be on track for a slightly greater growth rate if oil prices remain stable. This then implies that the growth of the economy hinges on developments in the oil market. As a result, growth is sensitive to the volatility in the market as well as disruptions in the production process. This situation may be exacerbated by the possible political unrest that can ensue in the country because of the pending 2019 general elections. It is as a consequence of these realities that it is believed that the most sustainable growth in the economy is one that stems from a more diverse source of revenue i.e. from non-oil sectors. However, due to the upcoming elections and the recent passage of the 2018 budget the headline inflation is expected to increase. Following the last MPC meeting in July, the MPR was kept at 14% and considering the implications of a reduction on the inflation rate and an increase on the growth of the economy, the MPR is expected to be kept at 14% for at least the rest of this year.

Financial Market Outlook

Going into an election season, it is expected that yields would be moderated. This is already playing out in the Nigerian Treasury Bills (“NTB”) issuance calendar as, a total of ₦964 billion is expected to mature while only ₦481 billion will be reissued. Recent events also show the monetary authority’s inclination towards reducing borrowing costs vis-à-vis adjusting the yield curve to capture the downtrend in inflation which the market had previously ignored.

The equities market may continue to experience a downward trend as the air of uncertainty in the country continues to grow towards 2019 elections. However, other factors are expected to water down the downward trend, such as the introduction of the multi-fund structure for the PFAs compelling them to increase their exposure to equity in relation to the age and risk profile of their contributors.

In conclusion, the currency market is expected to stay stable as the CBN stays committed to intervening in the market through the I & E window. The improvement in the oil market will also serve to keep the external reserves moving in the correct direction. The coming elections however continue to cast a shadow on the overall well-being of the macro economy.

¹⁰ IMF, World Bank

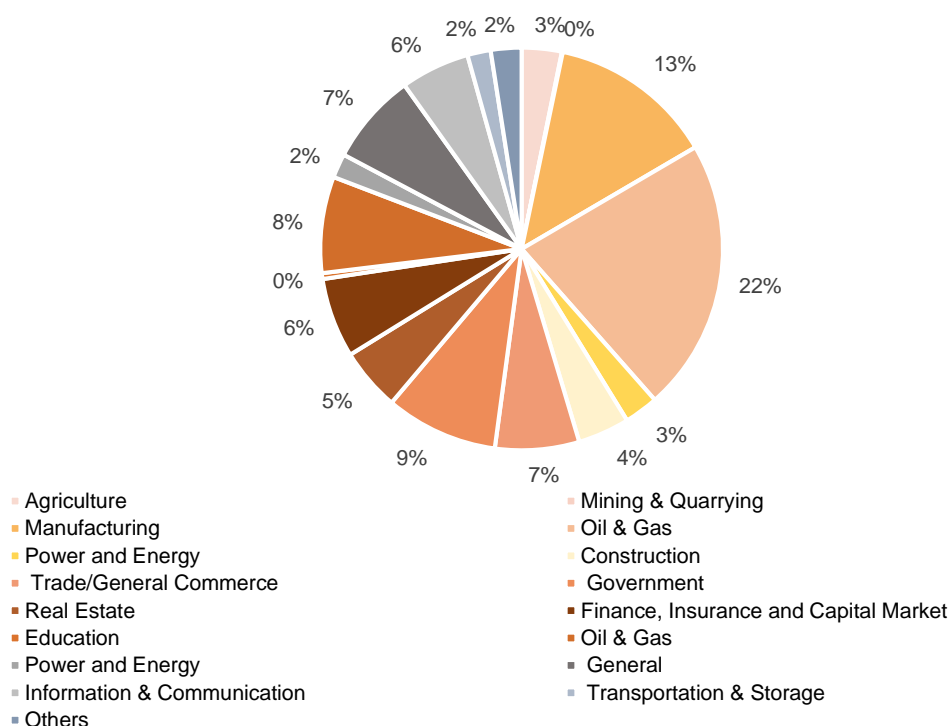
OVERVIEW OF THE NIGERIAN BANKING INDUSTRY

The Nigerian banking sector is one of the largest in sub-Saharan Africa and has undergone significant changes in recent years. In the past years, the banking sector went through major consolidation due to increase in minimum capitalisation, which reduced the number of commercial banks from 89 to 22. The Nigerian banking sector currently consists of a diverse array of banks with 22 Commercial Banks, 5 Merchant Banks, 1,028 Micro-Finance Banks (“MFBs”) and several Other Non-Bank Financial Institutions.

The authorisations issued to commercial banks as at the end of 2017 includes 10 Commercial Banks with international banking authorisations, 10 commercial banks with national banking authorisations, 2 commercial banks with regional banking authorisations. These were required to maintain a minimum capitalisation of ₦50 billion, ₦25 billion and ₦10 billion respectively. The total number of non-commercial banking other Financial Institutions stood at 4,413 as at December 2017, comprising of 6 Development Finance Institutions, 4 Merchant Banks, 34 Primary Mortgage Banks, 1,028 Micro-Finance Banks, 77 Finance Companies, 3,292 Bureaux De Change and 1 Mortgage Refinancing Company.

The total asset of commercial banks in Nigeria rose to ₦34.6 trillion in 2017. This represents 9.2% increase over the ₦31.683 trillion recorded at the end of 2016¹¹. This increase was due to increased foreign currency gains, income from government securities and non-interest earnings, payment of claims by Federal Government and mobilization of demand, time, savings and foreign currency deposits.

Q1 Sectoral Distribution of Credit by Banks



Source: NBS Q1 Results

¹¹ CBN Economic Report

The sector recorded total deposit ₦67.33 trillion in the first quarter of 2018 which account for the 7% increase as compared to its 2017 comparable period (Q1 2017)¹². In terms of credit to private sector, the total value of credit allocated by the banking sector stood at ₦15.60 trillion as at Q1 2018. Oil & Gas and Manufacturing sectors got credit allocation of ₦3.42trillion and ₦2.07 trillion to record the highest credit allocation as at the end of Q1 2018.

Supervision and Regulation of the Banking Sector

The CBN in collaboration with the National Deposit Insurance Corporation (“NDIC”) regulates and ensures sanity and efficiency in the banking sector. A stable financial sector contributes to broader economic growth and rising standard of living. Prior to January 1999, the CBN was supervised by the Nigerian Federal Ministry of Finance (“FMF”) but now acts autonomously from the FMF with the power to formulate and implement monetary and exchange rate policies.

The CBN is governed by its board of directors which consists of the Governor of the CBN, who acts as Chairman, four Deputy Governors and six non-executive board members including, the Accountant General of the Federation and the Permanent Secretary of the Federal Ministry of Finance. Each Deputy Governor oversees one directorate of the CBN. The directorates are Operations, Corporate Services, Financial System Stability, and Economic Policy.

The functions of the Financial System Stability Directorate include supervision of banks, which involves onsite examination of banks, especially in relation to their financial condition, internal control systems, reliability of information provided and compliance with corporate governance codes. The CBN also monitors trends in the banking sector and generates industry reports on a monthly and quarterly basis, evaluates the development of the finance sector and monitors other financial institutions. Prior approval of the CBN is required for activities such as changes of auditors, announcements of audited consolidated financial statements, opening and closure of branches, and changes in control and appointments of directors by banks amongst others.

To forestall anomalies in the Nigerian banking activities and in a bid to promote a sound financial system, the CBN introduced the Regulation on Scope of Banking Activities and Ancillary Matters 2010, which introduced a narrower banking model. Banks are no longer allowed to perform other non-banking activities such as insurance, pension fund administration. This led to the divestiture of non-banking arms of banks and reconstitution of banks into holding companies that own separate banking and non-banking subsidiaries.

The CBN regulates foreign exchange in Nigeria. Nigeria is heavily reliant on oil which according to the Organisation of Petroleum Exporting Countries (OPEC) represent 90% of the country total revenue of the country. The collapse of oil prices led to an abrupt decline in the foreign currency revenue and erosion of foreign reserves of the country. The CBN has developed several measures aimed at addressing foreign exchange issues. For example, the revised guideline for the operation of Nigerian Inter-Bank Foreign Exchange Market and the Primary Dealership Guidelines were introduced in 2016. Furthermore, the introduction of the naira-settled OTC futures market is a measure expected to ease the movement of non-urgent Forex demand from spot to futures market.

The role of Nigeria Deposit Insurance Corporation (“NDIC”) can be brought into sharper focus when examined within the context of its activities in the discharge of its primary mandate of deposit insurance. The NDIC guarantees payments to depositors in case of imminent or actual suspension of payments by insured banks or other deposit-taking financial institutions up to the maximum amount of ₦200,000.00 per depositor for primary mortgage institutions and micro finance banks, and

¹² NBS

₦500,000.00 per depositor for deposit money banks. The NDIC is also mandated to assist monetary authorities in the formulation and implementation of banking policy in Nigeria to ensure sound banking practices and promote fair competition among banks in Nigeria. It also plays a major role in collaborating with the CBN in the liquidation of banks in Nigeria. The powers and functions of the NDIC are stated in the NDIC Act.

In recent times, the banking sector has gone through several regulatory driven reforms and various intervention measures have been put in place to further strengthen the system.

The Banking Sector Reforms

Banking reform in Nigeria is an integral part of the country-wide reform program undertaken to reposition the Nigerian economy to achieve the objective of becoming one of the largest economies. The various reforms undertaken by the CBN were targeted at making the system more effective and strengthening its growth potentials. Because banks take deposits from the public, there is a need for periodic reforms to foster financial stability and confidence in the system.

The recent experience from the global financial crisis has further underscored the imperatives of countries to embark on banking reforms on a regular basis. The world economy was hit by an unprecedented financial and economic crisis in 2008 that resulted in a global economic recession. This crisis led to the collapse of many world-renowned financial institutions. The Nigerian economy weakened and was hit by the second-round effect of the crisis as the stock market collapsed by 70 per cent in 2008–2009 and many Nigerian banks bore huge losses, particularly as a result of their exposure to the capital market and the downstream oil and gas sector of the economy.

The CBN had to rescue 8 banks through capital and liquidity injections, remove their top executives and prosecute of those who committed infractions. These actions became necessary to restore confidence and sanity in the banking system.

The Nigerian banking system has steadily evolved, following wide and far-reaching reforms embarked upon by the regulatory authorities. Following the banking crisis of 2008, the CBN articulated a blue print known as “The Project Alpha Initiative” to reform the Nigerian financial system in general and the banking sector in particular. The reforms were aimed at removing the inherent weaknesses and fragmentation of the financial system, integrating the various ad-hoc and piecemeal reforms and unleashing the huge potential of the economy. In recent times, the banking sector has gone through several regulatory driven reforms and development, some of which are discussed below;

Reversal of Universal Banking

The Universal Banking Model adopted in 2000, allowed banks to diversify into non-bank financial businesses. Some banks abused the laudable objectives of the Universal Banking Model with banks operating as private equity and venture capital funds to the detriment of core banking practices. To address the observed challenges, the CBN reviewed the Universal Banking Model with a view to directing banks to focus on their core banking business only.

In October 2010, the CBN repealed the universal banking guidelines which had been in operation since 2000 and issued new rules and guidelines for the banking licenses regime titled “Regulation on the Scope of Banking Activities & Ancillary Matters, No. 3, 2010”. The new rules, according to the CBN, were aimed at streamlining banking operations in Nigeria as well as reducing the exposure of the banks to higher operational risks. Upon the new regulation coming into force, licensed banks were authorized to carry the following types of business: Commercial banking (with either regional, national and international authorization); Merchant (investment) banking; Specialized banking (microfinance, mortgage, non-interest banking (regional and national); Development finance institutions.

The 2010 Regulations represent a positive step by the CBN to sanitise the banking sector, with the ultimate aim of ensuring financial stability. Since the release of the 2010 Regulations, the Nigerian banking system has witnessed a flurry of restructuring and reorganisations, which has indeed reduced the risks to which the banks were hitherto exposed as a result of their operations and restored investor confidence

Establishment of the Asset Management Corporation of Nigeria (“AMCON”):

The Asset Management Corporation of Nigeria (“AMCON”) Act was signed into law in July 2010 to achieve a resolution of the banking crisis with minimal impact on depositors, taxpayers and other bank creditors. AMCON was created as a resolution vehicle to assist deposit money banks (“DMBs”) in Nigeria improve their capital and liquidity positions, with the ultimate aim of stabilising the financial system. Pursuant to the provisions of the AMCON Act, AMCON has an authorised capital of up to US\$67 million, which is jointly funded by the FMF and the CBN. To achieve its objectives, AMCON is expected to engage the debtors of all Nigerian banks, with a view to taking over their Non-Performing Loans (“NPLs”), and restructuring such loans by negotiating more favourable terms of repayment with the debtors. AMCON is also required to appoint asset managers to manage and seek the best returns on the underlying collateral with a view to minimising costs to the Nigerian government in the event that the debtors cannot redeem the debt. With AMCON's intervention, the banking industry ratio of non-performing loans to total credit significantly reduced from 34.4% to 4.95% within one year of its inception.

The CBN and all the DMBs signed a Memorandum of Understanding on the financing of AMCON. CBN makes annual contribution of ₦50 billion to the Resolution Cost fund which was established mainly for paying AMCON bonds from 2011-2020. While each of the participating banks contributes an amount equivalent to 0.5% of its total assets annually into a sinking fund as at the date of their audited financial statement for the immediate preceding financial year. Consequently, the cost of the resolution to the Nigerian taxpayer is significantly minimized. Since inception, AMCON has already acquired about 12,537 Non-Performing Loans (NPLs) worth ₦1.7 trillion from 22 financial institutions and about ₦3.66 trillion of depositors' funds were protected since the creation of the corporation¹³.

Financial Inclusion

Financial Inclusion is a tool for economic development, particularly in the areas of poverty reduction, employment generation, wealth creation and improving welfare and general standard of living.

As at 2008, 53.0% of adults were excluded from financial services. The global pursuit of financial inclusion as a vehicle for economic development had a positive effect in Nigeria as the exclusion rate reduced from 53.0% in 2008 to 46.3% in 2010. Encouraged by the positive development, the CBN in collaboration with stakeholders launched the National Financial Inclusion Strategy on 23rd October 2012 aimed at further reducing the exclusion rate to 20% by 2020¹⁴. Specifically, adult Nigerians with access to payment services is to increase from 21.6% in 2010 to 70% in 2020, while those with access to savings should increase from 24.0% to 60%; and Credit from 2% to 40%, Insurance from 1% to 40% and Pensions from 5% to 40%, within the same period. However, as at 2016, just 58.4% of Nigeria's 96.4 million adults were financially served and only 48.6% of all adults used formal financial services¹⁵.

In recent times, some promising developments have emerged. For instance, the CBN and the Nigerian Communications Commission signed an MoU on digital payment systems in 2018. In the same year, CBN collaborated with the Nigeria Inter-Bank Settlement System (“NIBSS”) to create a regulatory sandbox that will allow financial technology start-ups to test solutions in a controlled environment and is partnering with the private sector to roll out a 500,000-agent network to offer basic financial services.

¹³ AMCON

¹⁴ CBN

¹⁵ CBN Exposure Draft- National Financial Inclusion Strategy (July 2018)

In addition, several players in the private sector have introduced new products and services aimed at the unserved/underserved, and new partnerships are driving the delivery of digital financial services more widely—programmes have been launched to boost access to finance specifically for excluded groups such as women and micro, small and medium-sized enterprises.

Non-Interest Banking:

Non-Interest Banking (“NIB”) is a system of financial services that provide unique services in accordance with Islamic religious jurisprudence and Sharia principle and fully regulated by the relevant regulatory authorities as provided for in sections 9, 23 and 52 of the Bank’s and other Financial Institution Act (“BOFIA”) 1991 as amended. The CBN is empowered by law, to issue licenses to appropriate entities for the establishment of Non-Interest Banks provided they meet the banking requirements.

In 2011, the CBN issued the Guidelines for the Regulation and Supervision of Institutions Offering Non-Interest Financial Services in Nigeria (the NIFI Guidelines). The NIFI Guidelines provide the framework for the provision of non-interest banking services in Nigeria and the licensing of such institutions. The guidelines focus on non-interest financial institutions operating under the principles of Islamic jurisprudence. Non-interest banking has been the subject of debate in Nigeria, on whether its religious connotations align with the constitutional secularity of the country.

Implementation of International Financial Reporting Standard (“IFRS 9”)

Nigerian banks have been preparing for the implementation of IFRS 9, a new accounting principle for financial instruments that became effective in January 2018. IFRS 9 differs from the current reporting standard IASB 39 in various ways, but the key change applicable to the banks is the difference in impairment recognition. IFRS 9 requires banks to recognise impairment sooner than before and to recognise estimated lifetime expected losses against a wider spectrum of assets. This is completely different from the reactive approach which required banks to set aside specific provisions only when they incurred losses, or when the counterparty or financial asset defaults on its obligations.

Under IFRS 9, banks will have to set aside provisions in advance, based on their loss expectations and provide for the lifetime expected credit loss of exposures that have declined in creditworthiness. The new model relies on banks being able to make robust estimates of expected credit loss and establishing when significant changes in credit risk occur, increasing the level and complexity of judgement significantly.

Unfortunately, very few banks have provided sufficient guidance on the impact of this new policy. Coronation MB research expects a one-off uptick in impairment charges this year given that banks started reporting using IFRS 9 in second quarter of 2018.

Credit Bureaux in Nigeria

The banking sector was characterized by the existence of predatory debtors whose modus operandi involved the abandonment of their debt obligations in some banks only to contract new debts in other banks. Furthermore, the use of status enquiries on bilateral basis between banks was characterised by some weaknesses. Status enquiries were regarded as business courtesies to which some banks either did not respond to or gave vague replies. Despite the systemic weakness, many banks continued to extend new facilities to customers who already had hardcore and un-serviced debts with other banks and financial institutions. This led to the establishment of the Credit Bureaux by CBN to play the vital role of assisting the regulator in the effective management of credit risk within the banking system whilst facilitating access to finance in the economy.

However, the rising levels of NPLs in the banking sector, coupled with the lack of fully-developed credit bureaux and the need for a central database from which credit information on prospective borrowers could be obtained led to the establishment of the Credit Risk Management System (“CRMS”) by the CBN. The CRMS aims to gather information on a borrower’s credit history from various sources, and analyse the merged information to form a comprehensive credit history for the borrower, which helps in ascertaining the credit worthiness of the borrower. Previously, financial institutions in Nigeria had little information regarding the credit history of borrowers and principally relied on their own internal data, or shared data with other financial institutions as a business courtesy. Currently, the CRMS is web-enabled thus allowing banks and other stakeholders to directly access the CRMS database for the purpose of rendering the statutory returns or conducting status enquiry on borrowers.

A formal recognition of Credit Bureaus started in Nigeria in 2008 when the CBN issued the Guidelines for the Licensing, Operations and Regulation of Credit Bureaus and Credit Bureaus Related Transactions in Nigeria and 3 Credit Bureaus were issued licenses. The 3 bureaus are; CRC Credit Bureau Limited, CR Services Credit Bureau Plc. and XDS Credit Bureau Limited. All banks are required to obtain credit report from at least two (2) credit bureaus before granting any facility to their customers whilst quarterly portfolio checks must also be carried out to enable them determine borrowers’ current exposure to the financial system.

The New Era of Banking

The increase in the use of the internet as well as the rise of cutting edge technological innovations in the financial services sector is shaping the advent of Digital Banks. So far, the impact of the internet economy and digitalization in the banking industry is seen in the increased move to retail banking and use of e-banking channels, which has further led to improvements in financial inclusion. According to the CBN, the total value of electronic payment (e-payment) transactions recorded in 2017 rose by 32.5% to ₦83.1 trillion in 2017 from ₦62.7 trillion recorded in 2016.

As digital transformations continue to shape the way banks do business, numerous trends will continue to emerge and facilitate disruptions within the banking sector. This is more so in view of the increasing focus on Consumers’ Experience, Compliance and Collaborative Competition.

Financial technology (“Fintech”)

Fintech has been a game changer in recent times, and there’s no doubt that it is here to stay. Following the shift to an Experience Era as Brett King, CEO of Moven puts it; fintech moved from been a back-end application for financial institutions to any technological innovation in the financial sector including innovations in financial literacy and education, retail banking, investment, loans & credits and even cryptocurrency. Fintech advancement has increased with banks becoming more customer-centric, while providing cross-channel avenues through which customers can transact with them.

With the saturation of the mobile phone market in Nigeria and the advent of Fintech in the financial services industry, the Nigeria has witnessed higher financial inclusion amongst the underbanked and unbanked. As technology continues to forge fundamental changes in the way that banking works, it also offers banks a perfect opportunity to create a thriving digital future.

The economic potential for Fintech in Nigeria is vast. The Financial Inclusion Summit 2016 report revealed that the use of digital finance could boost annual GDP by US\$3.7 trillion by 2025 in emerging economies like Nigeria. According to the report, this avenue presents the opportunity to add 10% to 12% to the country’s GDP. Even big banks within the Nigerian market with huge investments in legacy systems are beginning to adopt more nimble/dynamic operating approaches and introduce products that are in sync with the emerging digital economy. It is expected that this will continue into the future

especially as banks continue to innovate and try to stay abreast of with new technologies and collaborate with Fintech Companies rather than see them as threats to their business.

Artificial Intelligence (AI)

Another trend which is fast becoming a reality is the use of Artificial Intelligence (AI), as Big Data facilitates its integration into human lives. AI is expected to help banks automate their processes seamlessly and improve customer experience. It will further impact the way banks accomplish their financial due diligence especially in risk management, credit allocation and fraud detection.

In relation to customer acquisition and retention, AI will go a long way in delivering intelligence about customer behaviour and preferences which will help in the development of personalized responses, insights & product/service types tailored for each individual. A noticeable move within the industry is the adoption of an Enterprise Risk Management Framework and the use of Enterprise Resource Planning Suites.

Though banks are cautious in their adoption of cloud technology, the increased need to deliver quick deployment and faster go to market innovations in a digital economy can be accomplished with cloud technology. Thus, for firms who seek to take advantage of scalability, lower costs, ease of operation and resilience; cloud based platforms will be the way to go.

Sector Outlook

For two years Nigerian banks have had an easy time, earning good income on risk-free government-backed Naira-denominated securities. That era is gradually coming to an end as T-bill rates have begun a downward trajectory. Nigerian banks may find it difficult to sustain their profitability this year given the reduction in treasury bill yields, which many of them depended heavily on last year to shore up their earnings. After peaking in Q2-2017, the average yield on treasuries bottomed at 11% in Q2-2018. This is anticipated to have a profound impact on the performance of the banks going forward, following huge deployment of funds into government securities in the prior year. If banks wish to replace income threatened by declining yields on securities, they must grow risk-weighted assets. For most banks, this means a rise in customer loans of 6-12% in 2018¹⁶.

To analysts, the banks have remained cautious in risk assets creation because the Nigerian economy is yet to fully recover from the economic recession it suffered about two years ago. The expectation is that the operating conditions of the financial institutions will remain challenging over the next 18 months, as the economy slowly recovers. Fitch Ratings had also projected that given the reduced yield on treasury bills, banks would struggle to remain profitable this year as such the financial institutions would definitely limit their risk appetite so as not to be caught off guard. The Federal Government had announced plans to refinance some maturing domestic debts with external borrowings. As a result, the Government has since slowdown on its fixed income securities issuance and this led to a significant drop in interest rate from around 18 per cent to about 10 per cent presently.

Depending on scale, efficiency and historical track record in balance sheet optimization, the impact of the new regime will be different for Tier-1 and Tier-2 Banks. The big banks tend to be supported by the highly liquid balance sheet and already lower funding costs, given existing scale advantage. Hence, they are better positioned to sweat their balance sheets in the face of high-interest rates, as their pricing power remains strong. This will likely result in better margins than smaller banks. On the contrary, they tend to see margins eroded when interest rates decline. Almost the opposite can be said for smaller banks whose biggest advantage comes from sharp decline in cost of funds especially for those with aggressive retail play. The expectation of improved system liquidity in 2018, on account of reduced

¹⁶ Coronation MB Research Report

government borrowing should be positive for credit growth, potentially helping to compensate for the loss in income from securities portfolios.

However, general elections are due in Nigeria between February and March 2019. Lending is likely to be impacted by politically-induced liquidity on the one hand, and political uncertainty on the other hand. Recent elections in Nigeria have been successful in creating a democratic resolution of political conflicts and 2015's presidential election was concluded with the peaceful transition from one president and party to another. However, not all of Nigeria's political changes, and elections, have been as tranquil. Furthermore, a number of banks (especially Tier-2 banks) have minimal headroom for taking more risks, vis-à-vis regulatory threshold for capital adequacy given recent macro headwinds. Potentially, while banks are likely to increase lending in 2018, credit to the public sector could grow much faster than private sector credit. On a balance of expectation, revenue generation for banks in 2018 will be largely dependent on transactional incomes as well as lending.

1. Introduction

Coronation MB Funding SPV Plc. was incorporated in Nigeria on 13 September 2018 with registered number 1524786, as a public limited company and carries on business at 1 Mekunwen Road, Off Oyinkan Abayomi Drive, Ikoyi, Lagos. The Issuer has no subsidiaries or affiliates and has been established as a special purpose vehicle for the purpose of issuing Debt Securities to enhance liquidity of the Sponsor.

The authorized share capital of the Issuer is ₦1,000,000 divided into 1,000,000 ordinary shares of ₦1.00 each. 100% of the issued shares is held by the Directors as nominees, on behalf of ARM Trustees (the “Share Trustee”) under the terms of a declaration of trust (the “Share Trust Deed”) and Nominee Agreement dated on or about the date of this Shelf Prospectus. The Share Trustee has no beneficial interest in and derives no benefit from its holding of the Shares, other than any fees for acting as Share Trustee.

As set out in the Issuer’s Memorandum and Articles of Association, the principal objective of the Issuer, amongst other things, is to operate as a business development company and for such other purposes as the directors may approve of. The directors of the Issuer have by a resolution dated 14 September 2018 approved the issuance of the Bonds and purchase of Notes from the Sponsor. Neither the Sponsor nor any associated body of the Sponsor owns directly or indirectly any of the shares in the share capital of the Share Trustee or the Issuer.

2. Principal Activities

The principal activity of the Issuer is to purchase Notes from the Sponsor under the Master Notes Purchase 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 offices of the Issuer.

The Issuer’s activities are restricted by its Memorandum and Articles of Association and the terms of the Trust Deed, and other related documents.

3. Directors and Secretary

The directors of the Issuer, and their respective business addresses are set forth below:

	<i>Director</i>		<i>Director</i>
Name:	Folashade Adeloye	Name:	Michael Abiodun Thomas
Address:	1 Mekunwen Road Off Oyinkan Abayomi Drive Ikoyi, Lagos	Address:	1 Mekunwen Road Off Oyinkan Abayomi Drive Ikoyi, Lagos
	<i>Director</i>		<i>Company Secretary</i>
Name:	Ibikunle Oriola	Name:	Cornelia Utuk
Address:	1 Mekunwen Road Off Oyinkan Abayomi Drive Ikoyi, Lagos	Address:	10, Amodu Ojikutu Street Victoria Island Lagos

3.1 Directors’ Interests

No director has any interest in the promotion of the Sponsor and/or the Notes to be purchased or proposed to be purchased by, the Issuer.

3.2 Profile of the Directors and Company Secretary

Mrs. Folashade Adeloje - Director



Folashade holds an LL.B from Obafemi Awolowo University (2000) and an LL.M from the University of Lagos (2012). Folashade Adeloje is a qualified common law solicitor with extensive experience in cross border corporate finance transactions. Her competence spans private equity, business combinations, and capital markets. Folashade currently manages ARM Trustees Limited, a subsidiary of Asset & Resource Management Holding Company Limited “ARM Group”, the largest non-bank financial service Firm in Nigeria with over US\$3bn Assets Under Management. Over the years, she has rendered wealth management and transfer services to High Net Worth Individuals and affluent families across several jurisdictions, displaying a deep understanding of trust laws and gifting techniques.

Mr. Ibikunle Oriola - Director



Ibikunle is a graduate of Finance from the University of Lagos (2000) and a member of the Institute of Chartered Accountants of Nigeria (2000). He is a seasoned finance specialist with over 17 years’ experience spanning various sectors from audit and consultancy services, banking and finance, local conglomerates and asset management. He has worked with KPMG Professional Services, Ecobank Development Corporation, Kakawa Discount House Ltd and joined ARM in 2017 from Transnational Corporation of Nigeria Plc as Group Chief Finance Officer. He has also benefited from international and local job placements and courses throughout his career.

Mr. Michael Abiodun Thomas - Director



Michael holds a Bachelor of Law degree (LL.B) from the Lagos State University (2007). He is a Certified Wealth Management Professional and a member of the International Academy of Business and Financial Management. Michael currently oversees the Commercial Trust unit which comprises of Public and Corporate sectors transactions. Prior to joining ARM Trustees, Michael's career span through Legal practice, legal advisory service to multi-national oil and gas companies, commercial banks, FMCGs and public agencies. His experience in corporate Trusteeship spans through numerous Loan Syndication, Debenture Trust, Real Estate Investment Trust, Hybrid debt instruments in major sector of Telecommunication, Oil and gas, FMCG, Discos amongst others. He worked briefly as the Acting Managing Director of Radix Trustees Limited in 2014.

Mrs. Cornelia Utuk – Company Secretary/ Legal Adviser



Cornelia began her two-decade long career at UBA (formerly Standard Trust bank), where she worked in the credit office from 1999 to 2007. She left UBA in 2007 to join Marina Securities Limited (MSL) as the Company Secretary and Head of Corporate Services. As the Group Head and Company Secretariat of the Legal and Administration Group at Coronation Merchant Bank, Mrs. Utuk is responsible for providing professional advice on matters related to statutory regulations, employee relations, litigation, and leading the development and implementation of the Bank’s legal strategy, as aligned with the overall business goals. She graduated from the University of Uyo in 1996, where she earned her Bachelors of Law degree and proceeded to the Nigerian Law school in 1997. She also has an MBA from the University of Calabar, which she obtained in 2008.

4. Employees

The Issuer has no employees. The directors are Management staff of the Share Trustees. The Company Secretary of the Issuer is also the Company Secretary of the Sponsor.

5. 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.

6. Material Contracts

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

7. 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.

8. 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.

9. Litigation

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

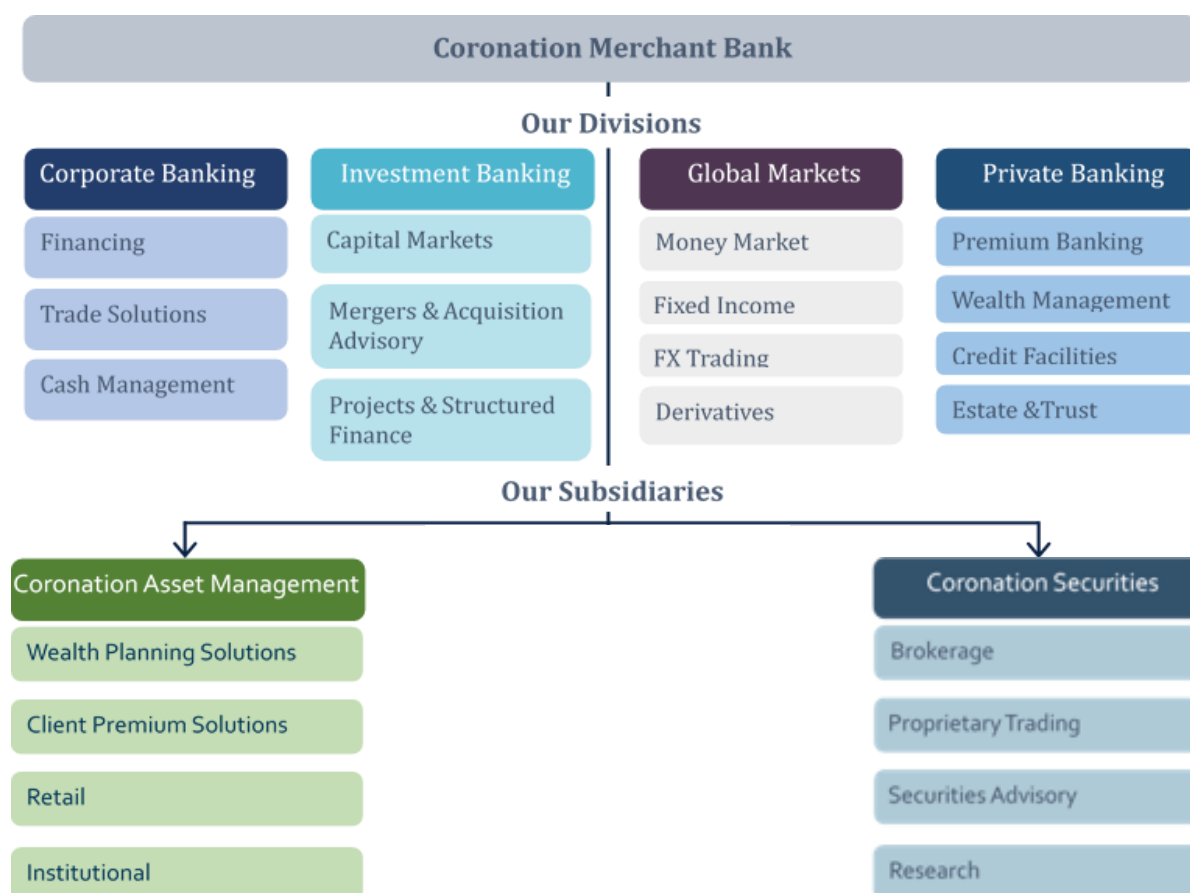
DESCRIPTION OF CORONATION MERCHANT BANK LIMITED

Coronation Merchant Bank Limited (“Coronation MB” or the “Bank”), formerly Associated Discount House Limited (“ADHL”), is a Merchant Bank licensed by the CBN to provide merchant banking services which include assets/fund management services, securities trading, treasury services, investment banking and corporate banking services to corporate institutions, institutional investors and high-net worth individuals. ADHL was one of the foremost Discount Houses in Nigeria. It was founded by a consortium of reputable financial institutions in 1993 and licensed by the CBN to provide liquidity in sovereign debt notes and money market instruments.

In 2011, following the acquisition of erstwhile Intercontinental Bank Plc by Access Bank Plc, a new leadership emerged signalling a new beginning for ADHL (a former subsidiary of Intercontinental Bank Plc) as evidenced by its ability to turn challenges in the industry to viable opportunities. The transition from a Discount House to a Merchant Bank commenced on September 27, 2013 and culminated in the issuing of CBN’s approval of the conversion on April 30, 2015 to Coronation MB. With both licenses, Coronation MB assumed the heritage assets, strong credit rating of ADHL and brought alive a new force in the Nigerian banking industry.

As at 31 December 2017, the Bank had a shareholder’s fund of c. ₦25.15 Billion, gross earnings of c. ₦29.4 Billion and Profit after tax of ₦4.75 Billion. The Bank was rated A+ by Augusto & Co as at April 20, 2017 on the back of its good asset quality, marked improvement in profitability, good capitalization levels and good liquidity profile.

Coronation MB aims to place its clients ahead of the curve in their sphere of operations and by so doing, deliver sustainable value to its shareholders whilst positively impacting on the Nigerian economy.



Coronation MB's Integrated offer is illustrated below;

Investment Banking: The Investment Banking division at Coronation MB offers a complete range of services to fulfil clients' needs including capital raising services, advise on mergers and acquisition as well as project finance & product structuring advice. The Bank aims to achieve industry leadership across all the investment banking product groups whilst offering bespoke solutions to all its clients and staying ahead of the market by deploying sector focused market knowledge, energy and skills.

Corporate Banking: The Bank's corporate banking division is structured to provide tailor-made financial services to its customers in various sectors of the economy. The division offers a range of efficient solutions designed to unlock working capital tied up in outstanding invoices or other business assets. This is an effective route to improving cash flow or financing growth for smaller businesses. Solutions provided includes working capital management facilities, bridge finance, debt suppliers finance, stock finance facilities and other asset financial services.

Global Markets and Treasury: Coronation MB's Global Market and Treasury division trades in financial instruments across various asset classes, including fixed income products, foreign exchange and other currency solutions. The Bank has the capacity to offer clients a wide range of flexible, liquid investments and trading options to suit client's needs; it also provides relationship management services to institutional clients. The Bank's products are designed to be highly flexible, meeting a wide range of client requirements. Depending on the client's objectives and risk appetite, the Bank offers advisory services that will proffer the most suitable financial solutions to client's needs.

Wealth Management: Coronation MB provides private banking services, such as premium current and savings accounts, credit facilities, insurance and payment solutions. These are designed to consolidate all of its clients' banking and investment requirements into one account. The Bank offers specialised wealth management services which includes wealth structuring, estate planning, succession planning and philanthropy. It also offers portfolio investment advice, which is backed by a specialised portfolio adviser, together with access to all of our research expertise.

Subsidiaries

Coronation Securities Limited: Coronation Securities Limited ("CoSec") (formerly Marina Securities Stockbroking Services Limited) is a wholly owned subsidiary of the Coronation Merchant Bank Limited and licensed by the NSE and SEC as a Broker/Dealer to provide securities brokerage and investment advisory business.

Coronation Asset Management Limited: Coronation Asset Management Limited ("Coronation AM"), a wholly owned subsidiary of Coronation MB provides fund management services by offering individual and corporate clients the opportunity to create investment solutions based on a diversified portfolio and investing in global and domestic markets across multiple asset classes.

Related Company

Coronation Trustees Limited: Coronation Trustees Limited is registered at the Securities and Exchange Commission as a trust service provider. It is a wholly owned subsidiary of Coronation Asset Management Limited. Coronation Trustees develops innovative, premium trust products tailored to meet a range of market and transactional needs.

SHAREHOLDING STRUCTURE

According to the register of members at 31 December 2017, the following shareholders held more than 5% of the issued share capital of the Bank:

DESCRIPTION OF CORONATION MERCHANT BANK LIMITED

Shareholders	Number of Shares Held	Shareholding
WAPIC Insurance Plc	1,151,522,548	22.80%
Marina Securities Ltd	1,146,884,889	22.71%
Coronation Capital (Mauritius) Ltd	672,530,308	13.32%
United Securities Ltd	407,836,646	8.08%
Regali Estates Ltd	377,358,491	7.47%
Mikeade Investment Co. Ltd	283,018,868	5.60%
Total		79.98%

Employees

As at 31 December 2017, Coronation MB employed a total number of 82 employees, 5 managerial, 12 senior staff and 65 junior staff. The Bank continually engages in the development of its human capital as part of the Bank's strategy to develop a new generation of finance leaders.

Equity

As at 31 December 2017, the Authorised and Issued Share Capital of the Company were as follows:

₦

<i>Authorized Share Capital:</i>	
10,000,000,000 @ ₦1 each	10,000,000,000
<i>Issued Share Capital:</i>	
5,050,546,281 @ ₦1 each	5,050,546,281

BOARD, COMPOSITION AND ROLE

The Board is comprised of ten (10) members, which include the Chairman, Managing Director, seven (7) Non-Executive Directors and one (1) Executive Director. The Board is able to reach impartial decisions as it is comprised of a proper blend of Non-Executive and Executive Directors with no shadow or alternate Directors. The Board meets quarterly and ad-hoc meetings are convened as may be required by circumstances.

The Standing Committees: The Board carries out its oversight function through its Standing Committees each of which has a charter that clearly defines its purpose, composition, and structure, frequency of meetings, duties, tenure and reporting lines to the Board. In line with best practice, the Chairman of the Board does not sit on any of the Committees.

The Board's four (4) Standing Committees are:

- The Board Audit Committee;
- The Board Risk Management Committee;
- The Board Credit & Investment Committee; and

- The Board Finance & Governance Committee.

Each Committee is chaired by a Non-Executive Director who reports to the Board of Directors of the Bank quarterly and makes such recommendations as are deemed appropriate in all circumstances.

Each Committee has an established charter that guides its operations. The charter details the specific roles and responsibilities, the size and composition, appointment and tenure, frequency of meeting and other terms of reference.

1. The Board Audit Committee

The Board Audit Committee assists the Board of Directors by providing independent assurance on the business operations. The Committee performs roles relating to financial controls, internal audit and external audits in the manner stipulated by its charter.

2. The Board Risk Management Committee.

The Board Risk Management Committee assists the Board in discharging its responsibility for the total process of risk management and control. The committee deals with various matters relating to risk evaluation, risk management systems and processes, and the Bank's risk appetite framework as outlined in its charter.

3. The Board Credit & Investment Committee.

The Board Credit and Investment Committee assists the Board in making best practice credit and investment decisions within its merchant banking business. The committee is responsible for oversight on the Bank's risk acceptance criteria, credit approval guidelines, risk appetite, investment portfolio strategy and monitoring and other areas assigned by its charter.

4. The Board Finance and Governance Committee

The Board Governance and Nomination Committee is responsible for directors' appointments, compensation, training, succession planning, board effectiveness, evaluation processes, and other matters arising provided for in its charter.

Performance Monitoring and Evaluation: In its discharge of oversight functions, the Board of Directors engages the Management in the definition of a clear strategy, planning and execution of the defined strategy. Management on the other hand provides regular update to the Board on the execution of the defined strategy via Management reports at Board meetings. Consequently, the Board is able to assess the effectiveness of the strategic objectives defined. The Bank continues to monitor its performance on Corporate Governance and periodic reports are sent to the regulator.

Management: The management is responsible for the daily operation of Bank. The Bank's management is headed by Group Managing Director/Chief Executive Officer and is supported by the Executive Directors and Heads of Departments.

Management Committee: The committee comprises of heads of departments in the Bank and its subsidiaries. The Chairman of the Committee is the Group Managing Director of Coronation Merchant Bank Ltd. The Management Committee performs its functions through the following sub-committees:

- a) Asset and Liability Management Committee (ALCO)
- b) Risk Management Committee
- c) Credit Committee

Profile of Directors

Mr. Babatunde Folawiyo – Chairman



Mr. Folawiyo is the Group Managing Director of Folawiyo Group of Companies – an organization with interests in energy, shipping, engineering, agriculture and real estate. He is also a Director at MTN Nigeria Limited. He led the successful merger of Marina International Bank with Access Bank in 2005 and served on the board of Access bank till February 2016. He was awarded an Honorary Consul of Barbados and the African Business Leadership award in 2010. He is a member of the Bar Association of England and Wales and the Nigerian Bar Association. He attained a BSc in Economics in 1980 and Bachelor's degree in Law (LLB) in 1984 from London School of Economics. He also Obtained an LLM degree from University College, London and was called to the Bar of England and Wales in 1985.

Mr Abubakar Jimoh – Managing Director/Chief Executive Officer



Mr. Jimoh has more than 24 years' experience in various capacities, covering client relationship management, treasury, market risk, credit risk management, operational risk management, project management and portfolio management. He was a pioneer staff member of Express Discount Limited, where he rose to Head of Trading before relocating to Canada in 1998. He held various positions at RBC Financial Group (Royal Bank of Canada) between 1999 and 2005. He led the transformation of Associated Discount House from a failing Discount House to a Merchant Bank (Coronation Merchant Bank Group) with an A+ rating from Agosto & Co Limited. He was on the Board of Shelter Afrique between 2012 and 2013. He earned his first and second degree in Finance from the University of Lagos in 1988 and 1990 respectively. He also earned an Advanced Management Degree from the prestigious Lagos Business School (1998).

Mr. Adamu Mahmoud Atta – Non-Executive Director



Mr. Atta has over 20 years of consulting experience. Through his company, Matad Group Nigeria Limited (Matad), he has handled different projects funded by the World Bank, the African Development Bank, the Department for International Developments, and the United Nations Development Programme. Mr. Atta sits on the boards of various companies, including WAPIC Insurance Plc, Inter Foods Limited, Workwell Engineering & Tractor Nigeria Limited and Supertex. He earned a Bachelor of Art (Honours) degree in International Relations/ International Economics from United States International University(USIU), San Diego in 1986 and a Master of Art degree in International Development Economics from University of California (UCLA), Los Angeles in 1988. He also earned a Master of Science of degree in Political Science from Ahmadu Bello University, Zaria in 1994.

Mr. Babatunde Dabiri –Non-Executive Director



Mr. Dabiri has over 30 years of diverse work experience in the banking industry. He was the former MD/CEO of Sterling Bank Plc, Fountain Trust Merchant Bank Limited and Prime Merchant Bank Limited for a total period of 20 years. He has outstanding competencies in all areas of banking such as corporate banking, investment banking, commercial banking and portfolio management, amongst others. Mr. Dabiri was the pioneer Chairman of Lagos State Pensions Commission and a member of the Governing Council of Lagos State University. He earned a Bachelor of Science (Honours) degree in Economics from University of Ibadan in 1974 and a Master of Business Administration in Columbia University New York, USA in 1977. He also holds C.M.B NA Global Credit Certificate from Global Credit Training Department, Chase Manhattan Bank NA London

Mrs. Evelyn Oputu – Non-Executive Director



Ms. Oputu has more than 30 years' experience across key areas of banking. She was the Managing Director/CEO of the Bank of Industry (BOI) for 9 years until her retirement in 2014. Prior to joining BOI, she served as Executive Director at First Bank Nigeria Plc, where she was responsible for the Corporate Development Division and the Corporate Finance & International Division. She was appointed as the Chairman of the Committee of the Financial Management of Aviation Parastatals in 2000. She sits on boards of several companies in diverse range of sectors. She holds a Bachelor of Science (Honours) degree in Business Administration and a General Management Diploma from Harvard Business School, Boston, Mass.

Mr Larry Ettah – Non-Executive Director



Mr. Ettah's 29 years long career began in 1988 in UAC where he held various management position and was promoted to the board in 2004. He was the Chief Executive Officer and Group Managing Director of UAC of Nigeria Plc between 2007 and 2017. He was the former Executive Director, Human Resources and Divisional Managing Director, Mr Bigg's Division of UAC. He is the first Vice President of Nigeria Employers Consultative Association as well as Vice President (Multinationals) of Manufacturers Association of Nigeria (MAN). In addition, he is a council member of the Lagos Chamber of Commerce & Industry (LCCI). He holds a Bachelor of Science Degree in Industrial Chemistry from University of Benin, Edo state and a Master of Business Administration degree in Finance/ Marketing from School of Business, University of Michigan, Ann Arbor, USA.

Ms. Suzanne Iroche – Non-Executive Director



Ms. Iroche has more than 28 years of diverse work experience in the banking industry. She was the former MD/CEO of Finbank Plc and the former Executive Director in charge of Global and Institutional Banking Division in UBA. She was appointed as a member of the University of Lagos Advancement Board in 2010 and she is also a member of the advisory board of Women in Successful Career (WISCAR) She is currently the CEO of Marnaby Limited – a financial consultancy and advisory services firm. She holds a Bachelor of Science (Honours) degree in Economics from University of Lagos (1980) and a Master of Management degree in Finance, Marketing and Management Policy from J.L Kellogg Graduate School of Management, Northwestern University, Evanston Illinois, U.S.A (1988).

Mr. Idaere Gogo Ogan – Non-Executive Director



Mr. Ogan has more than 28 years' experience across key areas of Banking, Insurance and Oil & Gas. He is the Group Chairman of Calvary Group which includes BECCA Petroleum & Gas Limited, Cordero Engineering Services Limited and Calvary Travels & Logistics Limited. In this role, he has gained valuable experience in Oil and Gas management, Engineering services, and Logistics. Prior to his appointment as Chairman of the Calvary Group, he was the Head, Corporate Bank Pharmaceutical Group at Guaranty Trust Bank PLC. Currently, he is the Chairman, Board of Directors of United Securities Limited (USL); Director of STACO Insurance PLC and also chairs its Board Finance & Investment Committee. He is a Director of Eastern Bulkcem Company Limited (Eagle Cement). He is a member, Institute of Directors of Nigeria which is an affiliate of Institute of Directors United Kingdom. He earned a Bachelor of Science(Honours) degree in Economics from University of Port Harcourt, Rivers State in 1987 and an Master of Business Administration degree in International Finance from Middlesex Business School, Middlesex University, London in 1993

Ms. Olubunmi Fayokun – Non-Executive Director



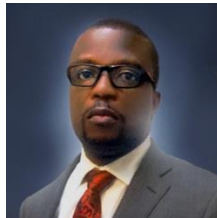
Ms. Fayokun has over 32 years of experience in Corporate Finance, advising on a significant number of complex commercial transactions, including Debt and Capital Market transactions, Mergers and Acquisitions, Divestments, Collective Investment schemes. She is the immediate past chair of the Capital Market Committee of the Nigerian Bar Association Section on Business Law and is a Council Member of the Section. She is a member of the Executive Committee of the Capital Market Solicitors' Association and the immediate past Treasurer of the Association. She is a member of the Nigerian Bar Association; the Capital Market Solicitors Association; the International Bar Association (IBA); the IBA Capital Markets Forum; the American Bar Association and the Association of International Petroleum Negotiators. She earned her Bachelor's Degree in Law (LLB Hons) from University of Ife, Ile-Ife (now Obafemi Awolowo University) in 1984 and was admitted to the Nigerian Bar Association in 1985.

Mrs. Onome Komolafe – Executive Director, Executive Compliance Officer



Onome has more than 20 years' experience in core banking operations. She began her banking career began in 1997 at Guaranty Bank Plc, where she held various management positions including Head of Branch Operations, Treasury Operations and Domestic Operations. As Executive Director/ Executive Compliance Officer at Coronation Merchant Bank, she is responsible for establishing standards and implementing procedures to ensure that programs throughout the group are effective and efficient in ensuring compliance with regulatory standards. In 1993, she graduated from Obafemi Awolowo University of Ile-Ife in Osun State Nigeria, with a Bachelor's in Accounting. She later earned an MBA in 2008 from the same university.

Mr. Adebajo Adegbohunge – Executive Director, Enterprise Support/ Chief Operating Officer



Banjo has over 25 years banking experience in operations, technology and product management spanning international trade, foreign and local payments, foreign exchange, fixed income, money markets and loans. He spent 14 years in Citibank Nigeria (formerly Nigeria International Bank Ltd) in various functions including technology, business process improvement and trade operations, rising to become the Head, Trade Operations in 2005 prior to joining Access Bank in March 2007. He was at various times Group Head, Global Trade, Group Head, Global Payments and Group Head, Corporate Operations before joining Coronation Merchant Bank in July 2018. As Executive Director and Chief Operating Officer at Coronation Merchant Bank, he is responsible for the strategic direction of the back office, technology and electronic/digital channels for the group. He earned a Bachelor's in Mechanical Engineering from Obafemi Awolowo University in 1991, and a Masters of Business Administration from IMD Business School, Lausanne, Switzerland in 2017.

Management Profile

Working with Abubakar Jimoh, Banjo Adegbohunge and Onome Komolafe are the following individuals:

Mr. Aigbovbioise Aig-Imoukhuede – Head, Capital Markets

DESCRIPTION OF CORONATION MERCHANT BANK LIMITED



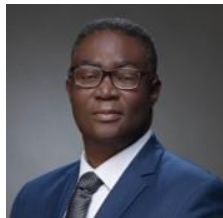
Aigbovbioise started his banking career at Fidelity Bank in 1997, where he worked in various capacities in retail banking, private banking, commercial banking, public sector and treasury and funds management. He later joined First Bank and eventually assumed the role of Director of Wealth Management at Marina Securities Limited (“MSL”), where he was in charge of relationship management and business development. As the Head, Coronation Capital Market, He is responsible for setting strategic direction for the Capital Market Group. In 1996, he graduated from the University of Buckingham with a Bachelor of Science in Business Studies.

Mr. Abiodun Sanusi – Group Head, Investment Banking



Abiodun has over 13 years’ experience in Investment banking and has executed transactions in excess of US\$ 7 billion in his investment banking career to date. Prior to joining Coronation Merchant Bank, Mr. Sanusi was a Director of Investment Banking covering Renaissance Capital’s Sub-Saharan African Investment Banking business. Before joining Renaissance Capital, he was an Investment Adviser at Africa Finance Corporation, He was also once the Deputy Head of Investment Banking at Vetiva Capital Management and an Analyst at KPMG Professional Services. He is responsible for the origination and execution of capital markets, mergers & acquisitions and project & structured finance transactions at Coronation MB. In 2003, he graduated from the University of Lagos With a Bachelor’s degree in Accounting, and earned his Master of Business Administration from Wharton Business School in 2008.

Mr. Magnus Nnoka – Chief Risk Officer



Magnus has over 20 years’ experience in the banking sector that cut across core areas of Treasury, Branch Management/operations and enterprise risk management where he has spent over 15 years. Prior to joining Coronation Merchant Bank, he was Head, Business support & Recovery unit at Union Bank where he contributed 25% to the bank’s gross earnings through recovery of impaired loans in 2015. Before this, he was a Country Head, Group Special Asset Management at Standard Chartered Bank Plc and was also the Head, Credit Risk Management, in Diamond Bank Plc. As Chief Risk Officer, Magnus is responsible for development and implementation of effective enterprise risk management framework in accordance with industry and global best practices. He graduated the University of Calabar in 1988 with a Bachelor’s degree in Economics and obtained his Master of Business Administration in Marketing from Delta State University in 1999. He later earned a Master of Science in Risk Management at the University of Lagos in 2015.

Mrs. Olubunmi Bajomo (PhD) – Divisional Head, Corporate Banking



Olubunmi has over two (2) decades banking experience cutting across Trade Finance, Corporate Banking, Private Banking, Portfolio Management and Investment Management. At CitiBank Nigeria, she championed the establishment of Local Corporate Bank and was directly responsible for the day-to-day operations of the business unit. Prior to joining CitiBank Nigeria as a Senior Relationship Manager at IBTC Asset Management. As the Divisional Head of Corporate Banking, Dr. Bajomo is responsible for development and execution of business strategies for the division as well as origination and managing institutional clients. In 1995, she graduated from Obafemi Awolowo University in Osun State with a Bachelor’s degree in Economics and later graduated from the University of Warwick with a Masters in Economics & Finance. In 2016, she obtained a Doctorate Degree from Obafemi Awolowo University.

Mrs. Funke Okoya – Head, Corporate Banking I



Funke has over 16 years' Banking experience, spanning through Corporate Banking, Commercial Banking, Credit Risk Management and Operations. She started her career in Risk management department of Ecobank Nigeria Plc and subsequently served in the Commercial Banking Group of Ecobank Nigeria Plc. Prior to joining Access Bank as a Regional Head, Commercial Banking Group, she was the pioneer Business Manager of two (2) branches at United Bank for Africa (UBA), She joined Associated Discount House in 2013 as the Project Manager for conversion of Discount House to Merchant Bank. In 1997, she graduated from the University of Lagos with a Bachelor's Degree in Business Administration. She also graduated from the Action Learning MBA Programme of the Business School of Netherlands in 2017.

Mr. Ademola Adekoya – Head, Corporate Banking II



Ademola has more than 14 years' core banking experience with a focus on Financial and Business Advisory, Wealth Management, Corporate Finance and Credit & Marketing. His achievements include participating in quasi-equity for Access Bank Plc via long term convertible debenture, which is the first of such investment in a Nigerian Bank by a development finance institution. As the Group Head of Corporate Banking at Coronation Merchant Bank, he is responsible for originating and managing the bank's relationships within the corporate market. In 1999, he graduated from The

University of Lagos, achieving a bachelor's degree in Estate Management.

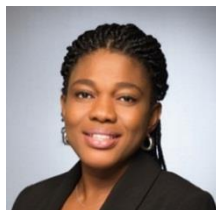
Mrs. Olubunmi Odunowo – Group Head, Operations



Olubunmi has over 25 years' experience that cuts across core banking operations, stock broking operations, cards operations, reconciliation and cash management. Prior to joining Coronation Merchant Bank, she was the Head, Operations in Stanbic IBTC Bank where she provided oversights for International Business Centre, Corporate Customer Care, Global Market Operations, Stock broking operations, Cards operations, Reconciliation, Change & Enablement and Cash Management. She also held various positions at Guaranty Trust Bank between 1994 and 2005. As the

Group Head, Operations at Coronation Merchant Bank, she is responsible for implementing change initiatives to improve client satisfaction across the Bank and Capital Market Group. In 1990, she graduated from Obafemi Awolowo University in Osun State with a Bachelor of Science degree in Accounting. She also attended the Lagos Business School in 2004 and Bangor University North Wales in 2017.

Mrs. Cornelia Utuk – Company Secretary/ Legal Adviser



Cornelia began her two-decade long career at UBA (formerly Standard Trust bank), where she worked in the credit office from 1999 to 2007. She left UBA in 2007 to join Marina Securities Limited (MSL) as the Company Secretary and Head of Corporate Services. As the Group Head and Company Secretariat of the Legal and Administration Group at Coronation Merchant Bank, Mrs. Utuk is responsible for providing professional advice on matters related to statutory regulations, employee relations, litigation, and leading the development and implementation of the Bank's

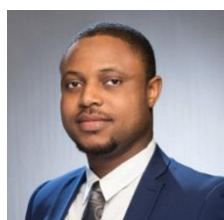
legal strategy, as aligned with the overall business goals. She graduated from the University of Uyo in 1996, where she earned her Bachelor of Law degree and proceeded to the Nigerian Law school in 1997. She also has an MBA from the University of Calabar, which she obtained in 2008.

Mr. Oladele Dopemu – Chief Audit Executive



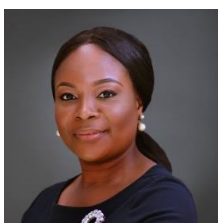
Oladele has acquired over two decades' professional banking experience spanning across Risk Management, Internal Control, Internal Audit and banking operations. Prior to his current role as the Chief Internal Auditor, he was the Head, Quality Assurance Internal Audit Group in Access Bank where he was responsible for aligning the processes and procedures defined by the Board and Top Management in line with the best practice. As the Country Operating Officer in Access Bank Zambia, he was responsible for the Bank's operations and Information Technology. As the Chief Internal Auditor, He provides independent assurance to the Board of Directors and Senior Management on the quality and effectiveness of the Bank internal control, risk management, governance systems and processes. In 1995, he graduated from the University of Ilorin with a Bachelor's Degree in Zoology.

Mr. Ibrahim Bello – Chief Compliance Officer



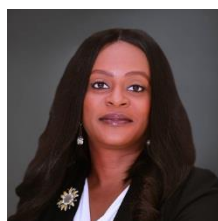
Ibrahim has gained over a decade's experience in financial control, relationship management, compliance and risk management. He commenced his career at Saro Agro Sciences Limited in 2004 as an Accountant, and then progressed to the role of Financial Controller at Stanbic IBTC Pension Managers Ltd., gaining a mass of expertise in risk and compliance, stockbroking, and fund management, in a variety of positions. As Head of Compliance at Coronation Merchant Bank, Mr. Bello is responsible for establishing strong compliance standards in accordance with industry and global best practices, and acting as a liaison between the Bank and all regulatory bodies. In 2002, he graduated from Ahmadu Bello University with a Bachelor of Science Degree in Accounting. He later graduated from Warwick Business School, of Warwick University with a Master of Business Administration in 2017.

Mrs. Tomi Oyesola – Head, Private Banking I



Tomi has about two decades banking experience that cuts across retail/SME, commercial/business, corporate and private banking. She started her banking career in Citibank Nigeria before moving on to Guaranty Trust Bank Plc, Stanbic IBTC & Heritage Bank where she held various management positions. She was a Group Head in charge of Retail, SME and Commercial Banking prior to joining Coronation Merchant Bank. Tomi has strong knowledge of markets & products as well as technical savviness in the analytics of investments. As the Group Head of Private Banking, Tomi is responsible for development and implementation of business strategies as well as origination and managing private banking clients. She provides invaluable financial guidance to discerning clients with a strategy of wealth management with her wealth of experience and skills garnered from her academic pursuit. In 1998, she graduated from the University of Lagos with a bachelor's degree in Accountancy. She later graduated from the University of Liverpool where she achieved her Post Graduate Diploma in 2013. She also obtained an MBA from the University of Bangor in 2016.

Mrs. Uzoma Dania – Head, Private Banking II



Uzoma's career spans over seventeen (17) years, in which time she has garnered experience in Credit Analysis, Marketing, Business Development, and Private Banking. In 2001, Uzoma began her career at Zenith Bank as Customer Service Officer & Relationship Manager before rising to become a Unit Head in the Oil and Gas Group. She later joined the Private Banking Group at Stanbic IBTC Bank in 2010, where she was responsible for providing high level personalized service to High Net-Worth Individuals (HNIs) and financial advisory for their investment decisions. Prior to Joining Coronation Merchant Bank Group, she was a Business Development Manager with FBN Bank UK, a position she held for 5 years before joining the bank in 2018. As the Head, Private Banking, Uzoma is responsible for strategy formulation, Product design and development and relationship management for the banks HNI and UHNI clients. She graduated from the University of Nigeria, Nsukka

DESCRIPTION OF CORONATION MERCHANT BANK LIMITED

in 1997, where she earned her Bachelor of Law degree and proceeded to the Nigerian Law school in 1999. She also has an MBA from the University of Dundee, which she obtained in 2006.

Mrs. Iyobosa Sorae – Group Head, Trading and Financial Institutions



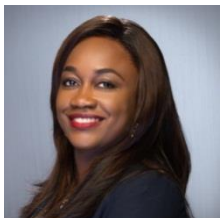
Iyobosa commenced her career after participating in the traineeship programme at the Access Bank School of Banking Excellence in May 2006. Mrs. Sorae joined Dunn Loren Merrifield in March 2011 as Head of Fixed Income Sales and Trading, where she was responsible for setting up the fixed income unit. As the Group Head of Securities Dealing at Coronation Merchant Bank since August 2015, she is responsible for managing the solvency of the bank, market and liquidity risks, profitable investments, and facilitating the development and implementation of activities to contribute to the business's market share, annual revenue and growth target. She graduated from the University of Benin in 1997, where she earned her Bachelor's degree in Business Administration. She also has an MBA, from the Imperial Business College, which she obtained in 2015.

Mr. Chukwukadibia Okoye – Chief Financial Officer



Mr. Okoye's accounting experience began at PricewaterhouseCoopers (PwC) Nigeria in 2007, where he trained in Assurance and Advisory Services. After his time in consulting, he joined United Bank for Africa as the Team Lead Financial Control and Head, Financial and Technical Analysis responsible for IFRS Compliance and financial reporting in the Group. As the Chief Financial Officer in Coronation Merchant Bank, he is responsible for financial reporting, management reporting, risk assessment and controls, tax planning, equity valuations and development of performance measures that support the Group's strategic direction. He graduated from the Federal University of Technology with a Bachelor of Technology in 2006. He later graduated from Heriot-Watt University in 2015 achieving a Post Graduate Diploma in Business Administration.

Mrs. Onayimi Aiwerioghene – Group Head, Enterprise Management



Onayimi began her career in Ariosh Limited in 2007 and later joined Management Consulting Division of KPMG. Over the course of her career at KPMG, she built a core expertise in HR and strategy advisory, project management and business planning. She was a member of the KPMG team that was responsible for the successful transition of Associated Discount House Limited (ADHL) to Coronation Merchant Bank. As the Group Head, Enterprise Management, she is responsible for facilitating the development of the bank's long-term and annual strategic plans, development of human capital strategies, policies, procedures, and development of the overall brand strategy. In 2006, she graduated from the University of Benin with a Bachelor of Science degree in Chemical Engineering. She went on to achieve a Master of Science degree in Chemical Process Engineering at University College London (UCL) in 2010.

REPORT BY AGUSTO & CO. LIMITED

Coronation Merchant Bank Limited

Rating Assigned: A financial institution of good financial condition and strong capacity to meet its obligations.

A+

RATING RATIONALE

Outlook: Stable
Issue Date: 14 May 2018
Expiry Date: 30 June 2019
Previous Ratings: A+

Industry: Banking

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Agusto & Co. hereby retains the rating of Coronation Merchant Bank Limited ('Coronation' or 'Coronation MB' or 'the Bank') at **A+**. The rating is upheld by the Bank's sound asset quality, good capitalization, strong liquidity profile as well as an experienced and stable management team. Nonetheless, the rating is constrained by the concentration in its loan book and funding. The weak macroeconomic climate continues to be a threat to the performance of the Bank.

During the period under review, Coronation continued its risk asset creation drive with a 41.6% growth in the loan book. The growth in the loan book demonstrated a degree of diversification with new exposures to sectors such as general commerce and transportation, as well as additional exposures to the manufacturing and real estate sectors. We recognise that most of the loans were created to finance trade related transactions which were self-liquidating and short term in nature. The Bank maintained a focus on lending to mostly customers within the 'Coronation 200' group based on the good credit profiles of these customers. As a result, Coronation recorded zero non-performing loans for the year. We expect asset quality to come under some pressure in the near term given exposures to some volatile sectors and the general increase in the size of the loan portfolio.

The Bank's core capital grew by 15.5% to ₦28.7 billion as at 31 December 2017 on the back of accumulation of statutory reserves and stronger retained earnings. However, the Bank's Basel II capital adequacy ratio (CAR) declined to 24.8% as at FY2017 from 40% the prior year due to the growth in risk weighted assets during the period, but remained well above regulatory minimum of 10% for merchant banks. Based on the implementation of IFRS 9, Coronation is expecting a 300 basis point reduction in CAR in 2018.

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REPORT BY GLOBAL CREDIT RATINGS CO. (GCR) LIMITED



Coronation Merchant Bank Limited

Nigeria Bank Analysis

July 2018

Rating class	Rating scale	Rating	Rating outlook	Expiry date
Long-term	National	A _(NIG)	Stable	June 2019
Short-term	National	A2 _(NIG)		

Financial data:		
(USDm comparative)†		
	31/12/16	31/12/17
NGN/USD (avg.)	252.7	305.3
NGN/USD(close)‡	304.5	305.5
Total assets	335.7	443.6
Total capital	84.7	95.6
Net advances	74.6	105.5
Liquid assets	67.3	120.1
Operating income	36.8	33.1
Profit after tax	19.9	15.1
Market cap.	n.a.	
Market share*	24.9%	

† Central Bank of Nigeria ("CBN") exchange rate
 *Based on GCR's estimate of total assets for merchant banks, as at 31 December 2017.

Rating history:

Initial rating (May 2016)

Long-term rating: A_(NIG)
 Short-term rating: A2_(NIG)
 Rating outlook: Stable

Last rating (June 2017)

Long-term rating: A_(NIG)
 Short-term rating: A2_(NIG)
 Rating outlook: Positive

Related methodologies/research:

Global Criteria for Rating Banks and Other Financial Institutions, updated March 2017

Glossary of Terms/Ratios, February 2016

Coronation MB rating report (2016-17)

GCR contacts:

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 Senior Credit Analyst
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Committee Chairperson

Dave King
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Tel: +23 41 462-2545, +234 1 904 9462-3

Website: <http://globalratings.com.ng>

Summary rating rationale

- The ratings reflect Coronation Merchant Bank Limited's ("Coronation MB", "the bank") evolving competitive position in the merchant banking subsector since commencement of operation in the second half of FY15. The bank has been able to leverage off its experience and track record of over two decades in the financial services industry. Furthermore, cognisance is taken of the fact that the bank has engaged a pool of experienced professionals to drive its new strategic intent.
- Capitalisation is considered adequate for the current level of operation. While shareholders' funds grew to N29.2bn at FY17, capital adequacy ratio ("CAR") equated to a lower 24.8% (FY16: 40.1%) due to increase in risk weighted assets, but remained above the required minimum of 10% for merchant banks. Also, management has also commenced the process to raise debt capital in 2H FY18 to further support operations.
- Asset quality metrics remained sound as the bank is yet to record any delinquent asset since commencement of its merchant banking operation. The loan book has been largely characterised by short-dated trade finance facilities granted to large corporates. Total loan loss provision stood at N8.2m, following a write back of N51.6m in FY17.
- The bank's regulatory liquidity ratio stood at 53.4% at FY17 (FY16: 51.3%), against the required minimum of 20% for the subsector. However, liquidity gap of N25.1bn (FY16: N36.7bn) was reflected in the less than one month matching of assets and liabilities. Further supporting the bank's liquidity profile is the cash and equivalent of N24.4bn as at FY17 and a sizeable 66.6% of its investment securities in Treasury bills (T-bills) and Federal Government of Nigeria bonds ("FGN bonds"). Also, Coronation MB successfully raised funds through commercial paper ("CP") issue in 1H FY18 which received 180% subscription level, equating a total of N18.2bn. This is to further aid balance sheet management, and considered additional support to the rating.
- Performance metrics moderated in FY17, underpinned by increase in cost of funding which was largely triggered by the high interest rate in operating environment during the period. As such, while the bank recorded a 66.6% rise in interest income, interest expenses rose by a higher 166.8% and resulted in 3.5% decline in net interest income. Furthermore, profitability was constrained by 29.6% increase in operating expenses, given the increase in staff and IT upgrade cost. As such, pre-tax profit equated to N4.9bn in FY17, representing 5.1% decline from FY16 level. Consequently, return on average equity and assets ("ROe" and "ROa") closed the year at 16.8% and 3.9% respectively from 21.6% and 5.6% respectively in FY16. Also, performance as at 1H FY18 appears somewhat in line with FY17 actual, albeit below budgeted figures on annualised basis.

Factors that could trigger a rating action may include

Positive change: An upward movement in the ratings may follow a sustained improvement in profitability and earnings, while maintaining sound asset quality metrics.

Negative change: A downward review of the ratings may result from a significant decline in the asset quality, capitalisation or liquidity profile of the bank. Furthermore, a significant decline in earnings or profitability, such that the bank is unable to compete with peers, may lead to a negative rating action.

LETTER FROM THE REPORTING ACCOUNTANTS



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12 September 2018

The Directors
Coronation Merchant Bank Limited
10 Amodu Ojikutu Street
Victoria Island
Lagos, Nigeria

and
The Managing Director
FBNQuest Merchant Bank Limited
16 Keffi Street
South-West, Ikoyi
Lagos

Gentlemen,

ACCOUNTANTS' REPORT ON THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF CORONATION MERCHANT BANK LIMITED FOR THE THREE YEARS ENDED 31 DECEMBER 2017

Report on the Consolidated Financial Statements

We have reviewed the audited consolidated financial statements of Coronation Merchant Bank Limited which comprise the statement of financial position as at 31 December 2015, 2016 and 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information, for the proposed ₦100 billion bond issuance programme through Coronation MB SPV PLC ("the offer"). PricewaterhouseCoopers were the auditors of the Group for the years ended 31 December 2015, 2016 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 applicable financial reporting framework 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.

Accountant's 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 applicable financial reporting framework. 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' REPORT ON THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF CORONATION MERCHANT BANK LIMITED FOR THE THREE YEARS ENDED 31 DECEMBER 2017 - 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 present fairly, in all material respects, the financial position of Coronation Merchant Bank Limited and its subsidiaries as at 31 December 2015, 2016 and 2017, and its financial performance and cash flows for each of the years then ended, in accordance with applicable financial reporting framework.

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

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Sayo Elumaro', is written over a light blue horizontal line.

Sayo Elumaro, FCA, FRC/2012/00000000139

For: Ernst & Young

Lagos, Nigeria

Date: 12 September 2018



EXTRACT FROM THE REPORTING ACCOUNTANTS REPORT

CORONATION MERCHANT BANK LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE YEARS ENDED 31 DECEMBER

In thousands of Naira

	Notes	Dec 2017	Dec 2016	Dec 2015
<i>Continuing operations</i>				
Interest income	5	22,373,522	13,422,704	11,169,291
Interest expense	6	(14,369,179)	(5,420,070)	(6,882,393)
Net interest income		8,004,343	8,002,634	4,286,898
Net impairment write back/(charge) on financial assets	7	3,662	(70,119)	(6,734)
Net interest income after impairment charges		8,008,005	7,932,515	4,280,164
Fee and commission income	8	1,658,062	1,187,193	65,701
Net gains on investment securities	9	898,266	308,257	1,263
Net foreign exchange income	10	216,243	220,716	11,407
Other operating income	11	10,438	55,355	2,772
Personnel expenses	12	(1,309,259)	(1,208,570)	(524,548)
Other operating expenses	13	(4,361,529)	(3,178,267)	(1,506,582)
Profit before tax		5,120,226	5,317,199	2,330,177
Income tax (expense)/benefit	14	(368,128)	(183,909)	892,223
Profit after tax		4,752,098	5,133,290	3,222,400
<i>Items that may be subsequently reclassified to the profit or loss:</i>				
Net changes in fair value of available-for-sale financial instruments				
- Fair value changes during the year		(377,258)	947,329	486,984
- Net gain recycled to profit or loss on disposal of available-for-sale instruments		(32,227)	(479,291)	-
Other comprehensive (loss)/ gain, net of related tax effects:		(409,485)	468,038	486,984
Total comprehensive income for the year		4,342,613	5,601,328	3,709,384
Earnings per share attributable to ordinary shareholders				
Basic (kobo)	15	94	102	69
Diluted (kobo)	15	94	102	69

The accompanying notes form an integral part of the financial statements

EXTRACT FROM THE REPORTING ACCOUNTANTS REPORT

CORONATION MERCHANT BANK
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER

<i>In thousands of Naira</i>	Notes	Dec 2017	Dec 2016	Dec 2015
Assets				
Cash and balances with banks	16	8,264,667	5,655,892	2,994,945
Due from financial institutions	17	29,509,041	16,246,877	20,775,798
Financial assets held for trading	18	1,137,667	3,443,570	-
Derivative financial assets	19	116,520	-	-
Investment securities	20	28,617,585	33,751,332	24,357,965
Pledged assets	21	18,840,555	14,232,448	20,086,561
Loans and advances to customers	22	32,254,859	22,706,561	2,475,468
Other assets	23	6,432,931	355,915	203,258
Investment properties	24	1,657,107	686,865	-
Intangible assets	26	1,237,513	1,150,989	388,435
Property and equipment	27	3,430,111	3,046,591	1,732,500
Deferred tax assets	28	5,201,399	5,263,002	5,217,194
		<u>136,699,955</u>	<u>106,540,042</u>	<u>78,232,124</u>
Asset classified as held for sale	29	-	29,575	48,756
		<u>136,699,955</u>	<u>106,569,617</u>	<u>78,280,880</u>
Liabilities				
Due to financial institutions	30	11,206,114	18,637,966	22,852,261
Due to customers	31	76,394,498	53,476,909	34,877,290
Derivative financial liabilities	19	106,457	-	-
Current tax liabilities	14	348,484	263,844	137,911
Other liabilities	32	19,181,664	8,313,191	176,677
		<u>107,237,217</u>	<u>80,691,910</u>	<u>58,044,139</u>
Total liabilities		<u>107,237,217</u>	<u>80,691,910</u>	<u>58,044,139</u>
Equity				
Share capital	33	5,050,546	5,050,546	4,854,118
Share premium	33	3,655,348	3,655,348	3,331,241
Statutory reserve	33	6,171,410	5,478,651	3,968,782
Treasury shares	33	-	-	(520,260)
Available for sale reserve	33	501,709	911,194	443,156
Regulatory risk reserve	33	647,767	397,224	60,948
Retained earnings	33	13,435,958	10,384,744	8,098,756
Total equity attributable to owners of the Group		<u>29,462,738</u>	<u>25,877,707</u>	<u>20,236,741</u>
Total liabilities and equity		<u>136,699,955</u>	<u>106,569,617</u>	<u>78,280,880</u>

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

EXTRACT FROM THE REPORTING ACCOUNTANTS REPORT

CORONATION MERCHANT BANK LIMITED
 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE THREE YEARS ENDED 31 DECEMBER

	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Statutory Reserves N'000	Regulatory Risk Reserve N'000	Treasury Stock N'000	Available for Sale Reserve N'000	Total N'000
Balance at 1 January 2017	5,050,546	3,655,348	10,384,744	5,478,651	397,224	-	911,194	25,877,707
Profit for the year	-	-	4,752,098	-	-	-	-	4,752,098
Other comprehensive income, net of tax	-	-	-	-	-	-	(409,485)	(409,485)
Total comprehensive income/(loss)	-	-	4,752,098	-	-	-	(409,485)	4,342,613
Dividend paid to shareholders	-	-	(757,582)	-	-	-	-	(757,582)
Transfer between reserves	-	-	(943,302)	692,759	250,543	-	-	-
Transactions with equity holders, recorded directly in equity	-	-	(1,700,884)	692,759	250,543	-	-	(757,582)
At 31 December 2017	5,050,546	3,655,348	13,435,958	6,171,410	647,767	-	501,709	29,462,738
	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Statutory Reserves N'000	Regulatory Risk Reserve N'000	Treasury Stock N'000	Available for Sale Reserve N'000	Total N'000
Balance at 1 January 2016	4,854,118	3,331,241	8,098,756	3,968,782	60,948	(520,260)	443,156	20,236,741
Profit for the year	-	-	5,133,290	-	-	-	-	5,133,290
Other comprehensive income, net of tax	-	-	-	-	-	-	468,038	468,038
Total comprehensive income	-	-	5,133,290	-	-	-	468,038	5,601,328
Disposal of treasury shares	(209,232)	(345,233)	34,205	-	-	520,260	-	-
Additional capital through share issuance	405,660	669,340	-	-	-	-	-	1,075,000
Dividend paid to shareholders	-	-	(1,035,362)	-	-	-	-	(1,035,362)
Transfer between reserves	-	-	(1,846,145)	1,509,869	336,276	-	-	-
Transactions with equity holders, recorded directly in equity	196,428	324,107	(2,847,302)	1,509,869	336,276	520,260	-	39,638
At 31 December 2016	5,050,546	3,655,348	10,384,744	5,478,651	397,224	-	911,194	25,877,707
	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Statutory Reserves N'000	Credit Risk Reserve N'000	Treasury Stock N'000	Available for Sale Reserve N'000	Total N'000
Balance at 1 January 2015	4,854,118	3,331,241	5,790,134	3,002,062	113,890	(520,260)	(43,828)	16,527,357
Profit for the year	-	-	3,222,400	-	-	-	-	3,222,400
Other comprehensive income, net of tax	-	-	-	-	-	-	486,984	486,984
Net loss recycled to profit or loss on disposal of available-for-sale instruments	-	-	-	-	-	-	-	-
Net changes in fair value of available for sale financial assets	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	3,222,400	-	-	-	486,984	3,709,384
Transfer between reserves	-	-	(913,778)	966,720	(52,942)	-	-	-
Transactions with equity holders, recorded directly in equity	-	-	(913,778)	966,720	(52,942)	-	-	-
At 31 December 2015	4,854,118	3,331,241	8,098,756	3,968,782	60,948	(520,260)	443,156	20,236,741

EXTRACT FROM THE REPORTING ACCOUNTANTS REPORT

CORONATION MERCHANT BANK LIMITED
 CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE THREE YEARS ENDED 31 DECEMBER
 Amount in thousands of Naira (N'000) unless otherwise stated

		DECEMBER 2017 N'000	DECEMBER 2016 N'000	DECEMBER 2015 N'000
Cash flows from operating activities				
Profit before income tax including continuing operations		5,120,226	5,317,199	2,330,177
<i>Adjustments for non-cash items:</i>				
Depreciation charge on property and equipment		363,368	181,529	80,725
Amortisation of intangible assets		214,963	175,751	88,582
Write off of intangible assets		55,768	-	-
Loss on sale of property and equipment		4,302	95,067	11,996
Net impairment (gain)/loss on loans and advances		(51,657)	49,940	6,734
Unrealised foreign exchange (loss) /gain		2,341	1,120	(1,169)
Net impairment loss on unquoted equity		66	20,179	-
Net impairment loss on other asset		47,929	-	-
Net interest income		(8,004,342)	(8,002,633)	(4,286,898)
Dividend earned	11	(655)	(45,147)	(342)
		(2,247,691)	(2,206,995)	(1,770,195)
Changes in working capital				
Financial assets held for trading (with original maturity > 90 days)		1,742,124	(3,434,943)	470,490
Derivative financial instruments		(10,063)	-	-
Increase in restricted deposit with CBN		(2,300,438)	-	-
Loans and advances to customers		(9,789,281)	(19,963,088)	(778,178)
Pledged assets		(4,608,107)	5,854,113	12,209,926
Other assets		(3,821,720)	(28,374)	(8,371)
Due to customers		21,256,505	19,622,687	14,410,643
Deposits from financial institutions		(7,400,000)	(4,252,261)	(13,784,339)
Other liabilities		13,370,655	2,650,772	(56,624)
Cash generated from / (utilised in) from operations		6,191,984	(1,758,089)	10,693,351
Interest received		23,250,594	10,779,985	10,987,723
Interest paid		(12,739,948)	(6,405,173)	(7,045,351)
Income taxes paid	14	(200,096)	(242,810)	(98,892)
Net cashflows generated from operating activities		16,502,534	2,373,913	14,536,831
Cash flows from investing activities				
Dividend received		655	45,147	342
Net cash from acquired subsidiary		-	367,538	-
Acquisition of investment securities - Available for sale		(3,433,594)	(3,551,501)	(5,247,523)
Purchase of property plant and equipment		(513,295)	(1,569,017)	(1,666,697)
Purchase of intangible assets		(357,255)	(234,080)	(432,810)
Purchase of investment properties		(1,224,361)	(686,865)	-
Purchase of held to maturity investment		-	(2,718,752)	-
Redemption of held to maturity investments		8,137,137	-	5,002,492
Proceeds from sale of property and equipment		21,223	45,760	6,583
Net cash generated from / (used in) investing activities		2,630,510	(8,301,770)	(2,337,613)
Cash flows from financing activities				
Proceeds from issue of share capital		-	275,000	-
Dividend paid		(757,582)	(1,035,362)	-
Net cash used in financing activities		(757,582)	(760,362)	-
Increase / (Decrease) in cash and cash equivalents		18,375,462	(6,688,219)	12,199,218
Analysis of changes in cash and cash equivalents				
Net foreign exchange difference		2,341	1,120	(1,169)
At start of year		17,081,404	23,770,743	11,570,356
At end of year		35,454,525	17,081,404	23,770,743
Increase / (Decrease) in cash and cash equivalents		18,375,462	(6,688,219)	12,199,218
Cash and cash equivalents comprise				
Balances with banks	16	1,013,980	359,926	162,945
Unrestricted balances with central banks	16	4,931,504	474,601	2,832,000
Placement with other financial institutions with maturity of less than 90 days	17	29,509,041	16,246,877	20,775,798
		35,454,525	17,081,404	23,770,743

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

EXTRACT FROM THE REPORTING ACCOUNTANTS REPORT

CORONATION MERCHANT BANK LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE YEARS ENDED 31 DECEMBER 2017

Amount in thousands of Naira (N'000) unless otherwise stated

5 Interest income	Group Dec-17	Group Dec-16	Group Dec-15
Balances with banks	7,999,600	4,938,907	3,920,501
Loans and advances to customers	6,022,766	3,079,820	117,421
Investment securities			
-Available for sale	4,658,488	2,853,168	4,332,417
-Held for trading	1,415,989	844,825	555,308
-Held to maturity	2,276,679	1,705,984	2,243,644
	<u>22,373,522</u>	<u>13,422,704</u>	<u>11,169,291</u>

Interest income does not include interest accrued on impaired financial assets of Group.

6 Interest expense			
Deposit from financial institutions	5,673,456	2,165,424	3,764,607
Deposit from customers	8,695,723	3,254,646	3,117,786
	<u>14,369,179</u>	<u>5,420,070</u>	<u>6,882,393</u>
Net interest income	<u>8,004,343</u>	<u>8,002,634</u>	<u>4,286,898</u>

7 Net (write back)/impairment on financial assets	Group Dec-17	Group Dec-16	Group Dec-15
Specific impairment charges on loans and advances (note 22)	-	-	8,559
Collective impairment (write back)/charges on loans and advances (see note 22) ¹	(51,657)	59,780	75
Impairment on unquoted equity securities	66	20,179	-
Specific impairment write back on loans and advances (see note 22)	-	(9,840)	(1,900)
Impairment on other assets (see note 23)	47,929	-	-
	<u>(3,662)</u>	<u>70,119</u>	<u>6,734</u>

¹Write back on impairment relates to excess portfolio impairment on the Bank's loan portfolio. These are due to changes in the portfolio impairment variables relating to PDs (probabilities of default) and LGD (loss given default) on these portfolios. They are not specific in nature.

g Fee and commission income	Group Dec-17	Group Dec-16	Group Dec-15
Commission on bills and letters of credit	648,733	441,445	22,315
Investment banking fees	467,859	239,326	5,000
Brokerage fees and commissions	168,351	217,678	-
Management fees	161,466	-	-
Treasury income	106,695	65,974	31,579
Credit related fees and commissions	51,875	88,749	-
Commission on other financial services	37,597	65,890	1,927
Account maintenance fees	10,840	68,131	4,880
Custody fees	4,646	-	-
	<u>1,658,062</u>	<u>1,187,193</u>	<u>65,701</u>

Credit related fees and commissions are fees charged to corporate customers other than fees included in determining the effective interest rates relating to loans and advances carried at amortized cost.

EXTRACT FROM THE REPORTING ACCOUNTANTS REPORT

CORONATION MERCHANT BANK LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE YEARS ENDED 31 DECEMBER 2017

Amount in thousands of Naira (N'000) unless otherwise stated

9 Net gains on investment securities

a Net gains on financial instruments classified as held for trading

	Group Dec-17	Group Dec-16	Group Dec-15
Treasury bills	249,276	177,783	(37)
Bonds	105,751	122,419	1,300
	<u>355,027</u>	<u>300,202</u>	<u>1,263</u>

Net gains on financial instruments classified as held for trading includes the gains and losses arising both on sale of trading instruments and from changes in fair value.

b Net gains on financial instruments held as available-for-sale

	Group Dec-17	Group Dec-16	Group Dec-15
Treasury bills	224,121	(357,773)	-
Bonds	311,981	362,807	-
Equity	7,137	3,021	-
	<u>543,239</u>	<u>8,055</u>	<u>-</u>
Total	<u>898,266</u>	<u>308,257</u>	<u>1,263</u>

10 Net foreign exchange income

	Group Dec-17	Group Dec-16	Group Dec-15
Net foreign exchange trading income	208,521	221,836	10,238
Unrealised foreign exchange (loss) / gain on revaluation	(2,341)	(1,120)	1,169
Derivative gain	10,063	-	-
	<u>216,243</u>	<u>220,716</u>	<u>11,407</u>

11 Other operating income

	Group Dec-17	Group Dec-16	Group Dec-15
Dividends on available for sale equity securities	655	45,147	342
Bad debt recovered	6,340	9,788	2,430
Income from other investments	3,443	420	-
	<u>10,438</u>	<u>55,355</u>	<u>2,772</u>

12 Personnel expenses

	Group Dec-17	Group Dec-16	Group Dec-15
Salaries and wages	1,211,964	1,132,110	491,448
Defined contribution plan	97,295	76,460	33,100
	<u>1,309,259</u>	<u>1,208,570</u>	<u>524,548</u>

CORONATION MERCHANT BANK LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE YEARS ENDED 31 DECEMBER 2017

Amount in thousands of Naira (N'000) unless otherwise stated

12 Personnel expenses

- ii. The number of employees who received emoluments in the following ranges (excluding pension contributions and certain benefits) were:

	Group Dec-17	Group Dec-16	Group Dec-15
	Number	Number	Number
Executive directors	2	1	1
Management	18	17	11
Non-management	86	64	36
	<u>106</u>	<u>82</u>	<u>48</u>

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

	Group Dec-17	Group Dec-16	Group Dec-15
	Number	Number	Number
N300,001 - N2,000,000	18	17	28
N2,000,001 - N2,800,000	6	10	6
N2,800,000 - N3,500,000	3	11	6
N3,500,001 - N5,500,000	24	15	3
N5,500,001 - N10,500,000	33	-	-
N10,500,001 - N20,000,000	9	-	-
Above N20,000,000	11	28	4
	<u>104</u>	<u>81</u>	<u>47</u>

13 Other operating expenses

	Group Dec-17	Group Dec-16	Group Dec-15
Depreciation	363,368	181,528	80,725
Amortisation	214,963	175,751	88,582
Professional fees and legal expenses	599,504	435,661	137,125
Staff training	86,218	42,404	34,342
Insurance	70,806	51,792	26,920
Business travel expenses	101,314	34,772	19,702
Deposit insurance premium	34,850	23,476	-
Auditor's remuneration	76,100	72,600	55,000
Administrative expenses ²	1,236,975	1,257,541	622,023
Loss on disposal of property and equipment ¹	4,302	49,307	11,996
Board and AGM expenses	161,356	212,557	135,318
Operating lease rentals	3,878	39,818	35,473
Consultancy and outsourcing	671,864	314,446	58,153
Repairs and maintenance	154,052	62,055	20,120
Advertisements, publications and marketing expenses	164,229	48,028	893
Events, donations and sponsorship	273,877	104,397	-
Periodicals and subscriptions	9,462	3,506	174,036
Stationeries, postage, printing and consumables	134,411	68,628	6,174
	<u>4,361,529</u>	<u>3,178,267</u>	<u>1,506,582</u>

¹ Loss on disposal of property and equipment for the year 2016 include N0.428 million on assets donated as part of the Group's Corporate Social Responsibility (CSR) initiative in the period. (2015: Nil).

² Included in Administrative expenses is expense relating to fraud and forgeries of N685.59m (2016 and 2015: Nil) and doubtful non financial assets of N16.27m (2016 and 2015: Nil)

CORONATION MERCHANT BANK LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE YEARS ENDED 31 DECEMBER 2017

Amount in thousands of Naira (N'000) unless otherwise stated

14 Income tax expense/(benefit)	Group Dec-17	Group Dec-16	Group Dec-15
<i>In thousands of Naira</i>			
Current tax expense			
Corporate income tax	47,928	-	-
Minimum tax	173,659	167,954	114,175
IT Levy	50,988	52,177	23,736
Education tax	3,375	15,004	-
Excess dividend tax	29,843	-	-
Prior year's under provision	732	1,613	2,510
	<u>306,525</u>	<u>236,749</u>	<u>140,421</u>
Deferred tax expense			
Origination of temporary differences (see note 28)	61,603	(52,840)	(1,032,644)
Total income tax expense/(benefit)	<u>368,128</u>	<u>183,909</u>	<u>(892,223)</u>
The movement in the current income tax liability is as follows:			
	Group Dec-17	Group Dec-16	Group Dec-15
Balance at the beginning of the year	263,844	137,911	96,382
Tax liability coming from acquired subsidiary	-	135,551	-
Tax paid	(200,096)	(242,810)	(98,892)
Income tax charge	305,793	235,136	137,911
Prior year's under provision	732	1,613	2,510
Withholding tax utilization	(21,789)	(3,557)	-
Balance at the end of the period	<u>348,484</u>	<u>263,844</u>	<u>137,911</u>
Income tax liability is to be settled within one period			
	Group Dec-17	Group Dec-16	Group Dec-15
<i>In thousands of Naira</i>			
Profit before income tax	5,120,226	5,317,199	2,330,177
Income tax using the domestic tax rate	1,536,068	1,595,160	699,053
Tax effects of :			
Minimum tax	173,659	167,954	114,175
IT tax	50,988	52,177	23,736
Education tax levy	3,375	15,004	-
Income not subject to tax	(1,637,311)	(1,702,514)	(1,731,697)
Expenses not deductible for tax purposes	210,774	54,514	-
Excess dividend tax	29,843	-	-
Prior year under provision	732	1,613	2,510
Effective tax	<u>368,128</u>	<u>183,909</u>	<u>(892,223)</u>

CORONATION MERCHANT BANK LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE YEARS ENDED 31 DECEMBER 2017
 Amount in thousands of Naira (N'000) unless otherwise stated

15 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares.

<i>In thousands of Naira</i>	Dec-17	Dec-16	Dec-15
Profit for the year from continuing operations	4,752,098	5,133,290	3,222,400
Weighted average number of ordinary shares in issue	5,050,546	5,032,405	4,854,118
Weighted average number of treasury shares	-	-	(209,232)
	5,050,546	5,032,405	4,644,886
<i>In kobo per share</i>			
Basic and diluted earnings per share from continuing operations (annualised)	94	102	69

16 Cash and balances with banks

<i>In thousands of Naira</i>	Group Dec-17	Group Dec-16	Group Dec 2015
Balances with banks (see note (i))	3,333,163	5,181,291	162,945
Unrestricted balances with central banks	4,931,504	474,601	2,832,000
	8,264,667	5,655,892	2,994,945

(i) Included in cash on hand and balances with banks is an amount of N2.1408n (31 Dec 2016: 4.8218n, 31 Dec 2015: Nil) representing the Naira value of foreign currencies held on behalf of customers to cover letter of credit transactions. The corresponding liability is included in trade related liabilities reported in other liabilities (see Note 32). This has been excluded for cash flow purposes.

17 Due from financial institutions

<i>In thousands of Naira</i>	Group Dec-17	Group Dec-16	Group Dec 2015
Placements	29,509,041	16,246,877	20,775,798

Placements are with other financial institutions fully secured with acceptable government securities. These have been considered for purpose of cash flow. They are all current in nature with maturities below 90 days.

18 Financial assets held for trading

<i>In thousands of Naira</i>	Dec-17	Dec-16	Dec 2015
Treasury bills	950,829	3,286,430	-
Government bonds	186,838	157,140	-
	1,137,667	3,443,570	-
Current	965,894	3,308,057	-
Non Current	171,773	135,513	-
	1,137,667	3,443,570	-

CORONATION MERCHANT BANK LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE YEARS ENDED 31 DECEMBER 2017

Amount in thousands of Naira (N'000) unless otherwise stated

19 Derivative financial instruments

Group & Bank	Derivative assets		Derivative liabilities		Fair Value Liabilities
	Notional amount	Fair Value Assets	Notional amount	Fair Value Liabilities	
In thousands of Naira	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17
Foreign exchange forward contracts	6,783,353	116,520	6,528,153		(106,457)
	6,783,353	116,520	6,528,153		(106,457)

All derivative contracts are current in nature

20 Investment securities

(a) Available for sale investment securities	Group	Group	Group
	Dec-17	Dec-16	Dec-15
In thousands of Naira			
Debt securities			
Federal government bonds	4,229,734	7,340,178	3,592,709
Treasury bills	7,405,850	3,065,482	6,338,065
State government bonds	6,109,288	5,447,604	50,543
Euro Bonds	518,680	-	-
Corporate bonds	2,560,855	2,473,624	2,482,034
	20,824,407	18,326,888	12,463,351
Equity securities			
Equity securities with readily determinable fair values	346,089	145,359	139,659
Unquoted equity securities at cost (see (i))	20,245	49,120	8,104
	21,190,741	18,521,367	12,611,114
Specific allowance for impairment on equity securities	(20,245)	(27,537)	-
	21,170,496	18,493,830	12,611,114
(b) Held to maturity investment securities			
In thousands of Naira			
Debt securities			
Federal government bonds	7,447,089	15,257,502	11,746,851
	7,447,089	15,257,502	11,746,851
Total	28,617,585	33,751,332	24,357,965
Current	8,233,869	9,324,600	8,734,192
Non Current	20,383,716	24,426,732	15,623,773
	28,617,585	33,751,332	24,357,965

- (i) Certain unquoted investments for which fair values could not be reliably estimated have been carried at cost less impairment. There are no active markets for these financial instruments, fair value information are therefore not available, this makes it impracticable for the Group to fair value these investments. The Group has made full provision for these investments. They have therefore been disclosed at cost less impairment. The carrying amount is the expected recoverable amounts on these investments. The Group neither controls nor significantly influences the activities of these investee companies.

CORONATION MERCHANT BANK LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE YEARS ENDED 31 DECEMBER 2017
 Amount in thousands of Naira (N'000) unless otherwise stated

21 Pledged assets	Group Dec-17	Group Dec-16	Group Dec-15
<i>In thousands of Naira</i>			
Government bonds	11,017,169	5,779,310	-
Treasury bills	7,823,386	8,453,138	20,086,561
	<u>18,840,555</u>	<u>14,232,448</u>	<u>20,086,561</u>
Current	7,823,386	9,242,630	13,044,322
Non Current	11,017,169	4,989,818	7,042,239
	<u>18,840,555</u>	<u>14,232,448</u>	<u>20,086,561</u>
The related liability for assets pledged as collateral			
Deposits from financial institutions	11,206,114	18,637,966	22,852,261

- (i) The assets pledged as collateral include assets pledged to third parties under secured borrowing with the related liability disclosed above. Also included in pledged assets are assets pledged as collateral or security deposits to clearing house and payment agencies of N28n (31 December 2016: N18n, 31 December 2015:Nil) for which there is no related liability. The pledges have been made in the normal course of business of the Bank. In the event of default, the pledgee has the right to realise the pledged assets.
- (ii) As at 31 December 2017, the Bank held N13.07 Bn (31 December 2016: N11.99, 31 December 2015: N20.84) worth of collateral. These have not been recognised in these financial statements.

CORONATION MERCHANT BANK LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE YEARS ENDED 31 DECEMBER 2017
 Amount in thousands of Naira (N'000) unless otherwise stated

22 Loans and advances to customers

December 2017 In thousands of Naira	Gross amount	Specific Impairment allowance	Collective Impairment allowance	Total Impairment allowance	Carrying amount
Loans to Individuals					
Non-Retail Exposures					
Mortgage Loan	179,413	-	(89)	(89)	179,324
Personal Loan	165,957	-	(49)	(49)	165,908
	<u>345,370</u>	<u>-</u>	<u>(138)</u>	<u>(138)</u>	<u>345,232</u>
Loans to corporate entities and other					
Overdraft	7,722,293	-	(1,791)	(1,791)	7,720,502
Term Loan	24,195,394	-	(6,269)	(6,269)	24,189,125
	<u>31,917,687</u>	<u>-</u>	<u>(8,060)</u>	<u>(8,060)</u>	<u>31,909,627</u>
	<u>32,263,057</u>	<u>-</u>	<u>(8,198)</u>	<u>(8,198)</u>	<u>32,254,859</u>
December 2016					
<i>In thousands of Naira</i>					
Loans to Individuals					
Non-Retail Exposures					
Mortgage Loan	51,581	-	(33)	(33)	51,548
Personal Loan	234,311	-	(103)	(103)	234,208
	<u>285,892</u>	<u>-</u>	<u>(136)</u>	<u>(136)</u>	<u>285,756</u>
Loans to corporate entities and other organizations					
Overdraft	9,080,751	-	(23,848)	(23,848)	9,056,903
Term Loan	13,399,773	-	(35,871)	(35,871)	13,363,902
	<u>22,480,524</u>	<u>-</u>	<u>(59,719)</u>	<u>(59,719)</u>	<u>22,420,805</u>
	<u>22,766,416</u>	<u>-</u>	<u>(59,855)</u>	<u>(59,855)</u>	<u>22,706,561</u>
December 2015					
<i>In thousands of Naira</i>					
Loans to Individuals					
Non-Retail Exposures					
Mortgage Loan	89,523	-	-	-	89,523
Personal Loan	45,876	(9,839)	(7)	(9,846)	36,030
	<u>135,399</u>	<u>(9,839)</u>	<u>(7)</u>	<u>(9,846)</u>	<u>125,553</u>
Loans to corporate entities and other organizations					
Term Loan	2,349,983	-	(68)	(68)	2,349,915
	<u>2,349,983</u>	<u>-</u>	<u>(68)</u>	<u>(68)</u>	<u>2,349,915</u>
	<u>2,485,382</u>	<u>(9,839)</u>	<u>(75)</u>	<u>(9,914)</u>	<u>2,475,468</u>

CORONATION MERCHANT BANK LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE YEARS ENDED 31 DECEMBER 2017
 Amount in thousands of Naira (N'000) unless otherwise stated

Impairment on loans and advances to customers Group in thousands of Naira	Specific Impairment allowances		
	Dec-17	Dec-16	Dec-15
Balance, beginning of year	-	9,840	3,180
Impairment charge for the year	-	-	8,559
Provision no longer required	-	(9,840)	(1,900)
Balance end of year	-	-	9,839
	Collective Impairment allowances		
	Dec-17	Dec-16	Dec-15
Balance, beginning of year	59,855	75	-
Impairment charge for the year	(51,657)	59,780	75
Balance end of year	8,198	59,855	75
	Dec-17	Dec-16	Dec-15
Current	32,263,057	22,717,024	2,485,382
Non Current	-	49,392	-
	32,263,057	22,766,416	2,485,382
23 Other assets	Group	Group	Group
	Dec 2017	Dec 2016	Dec 2015
<i>In thousands of Naira</i>			
Financial assets			
Accounts receivable	3,260,722	169,390	5,542
Contribution to AGSMEIS (See note 23(a))	251,645	-	-
Restricted deposits with central banks (See note 23(b))	2,300,438	-	-
	5,812,805	169,390	5,542
Provision for account receivables	(47,929)	-	-
	5,764,876	169,390	5,542
Non-financial assets			
Prepayments	550,485	134,275	80,042
Prepaid employee benefits	133,837	52,250	117,674
	684,322	186,525	197,716
Gross other assets	6,449,198	355,915	203,258
Provision for other non-financial assets	(16,267)	-	-
Net other assets	6,432,931	355,915	203,258
Current	3,945,044	355,915	203,258
Non Current	2,552,083	-	-
	6,497,127	355,915	203,258

CORONATION MERCHANT BANK LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE YEARS ENDED 31 DECEMBER 2017
Amount in thousands of Naira (N'000) unless otherwise stated

23 Other assets - continued

(a) The Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS) is a voluntary initiative of the Bankers' Committee approved at its 331st meeting held on 9th February, 2017. The Scheme requires all banks in Nigeria to set aside 5% of their audited profit after tax (PAT) annually to support the Federal Government's efforts and policy measures for the promotion of agricultural businesses and small and medium enterprises (SMEs) as vehicles for sustainable economic development and employment generation.

(b) Restricted deposits with central banks comprise the cash reserve requirements of the Central Bank of Nigeria. These balances are not available for day to day operations of the group.

Movement in allowance for impairment on other assets:

<i>In thousands of Naira</i>	Group 2017	Group 2016	Group 2015
Balance as at 1 January	-	-	-
Impairment loss for the year:			
- Additional provision	47,929	-	-
Balance as at 31 December	47,929	-	-

24 Investment properties

	Group Dec-17	Group Dec 2016	Group Dec 2015
Opening balance at 1 January	686,865	-	-
Acquisitions	79,575	634,975	-
Capitalised subsequent expenditure	1,149,786	51,890	-
Transfer to owner-occupied property	(259,119)	-	-
Closing balance at 31 December	1,657,107	686,865	-

Investment properties, principally freehold office buildings, are held for long-term rental yields and are not occupied by the group. They are carried at fair value. Changes in fair values are presented in profit or loss as part of other operating income. The investment properties held by the Group are under construction. The Group has assessed and determined that the fair value of these properties cannot be reliably measured. The Group however expects the fair value of the property will be reliably measured when construction is complete.

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal of investment property.

EXTRACT FROM THE REPORTING ACCOUNTANTS REPORT

CORONATION MERCHANT BANK LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE YEARS ENDED 31 DECEMBER 2017

Amount in thousands of Naira (N'000) unless otherwise stated

25 Investment in subsidiaries
 Group entities

Set out below are the group's subsidiaries as at 31 December 2017. Unless otherwise stated, the subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the group and the proportion of ownership interests held equals to the voting rights held by the group. The country of incorporation is also their principal place of business.

There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit the group from having access, and in liquidation scenario, this restriction is limited to its level of investment in the entity.

	Nature of business	Country of incorporation	Bank Dec-17		Bank Dec 2016		Bank Dec 2015	
			% Holding	N'000	% Holding		% Holding	
Staff trust scheme	Special purpose entity	Nigeria	-	-	-	-	100%	520,260
Coronation Securities Limited	Capital Market	Nigeria	100%	1,314,711	100%	1,314,711	100%	-
Coronation Asset Management Limited	Asset Management	Nigeria	100%	3,300,000	100%	2,000,000	100%	-
				<u>4,614,711</u>		<u>3,314,711</u>		<u>520,260</u>

The Group operated a staff share scheme, through a special purpose entity (SPE), up to March 2013. The scheme was however cancelled and staff rights monetised and paid out. The shares were held in the scheme as treasury shares. These shares have been allotted to the shareholders in the year 2016.

In the year 2016, the Bank acquired 100% stake in Coronation Securities Limited (formerly Marina Securities Stockbroking Services Limited (MSSSL)), a stock broking and investment advisory firm.

Also in 2016, the Bank set up Coronation Asset management Limited, an asset management firm to provide fund and portfolio management services to institutions and individuals.

Significant restrictions:

There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit the Group from having access, and in liquidation scenario, this restriction is limited to its level of investment in the entity .

CORONATION MERCHANT BANK LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE YEARS ENDED 31 DECEMBER 2017
 Amount in thousands of Naira (N'000) unless otherwise stated

26 Intangible assets Group	Goodwill	Purchased Software	Total
<i>In thousands of Naira</i>			
Cost			
December 2017			
Balance at 1 January 2017	675,373	786,369	1,461,742
Acquisitions	-	357,255	357,255
Write off	-	(66,635)	(66,635)
Balance at 31 December 2017	<u>675,373</u>	<u>1,076,989</u>	<u>1,752,362</u>
December 2016			
Balance at 1 January 2016	-	512,669	512,669
Opening balance of acquired subsidiary	-	24,115	24,115
Acquisitions	675,373	249,585	924,958
Balance at 31 December 2016	<u>675,373</u>	<u>786,369</u>	<u>1,461,742</u>
December 2015			
Balance at 1 January 2015	-	109,048	109,048
Acquisitions	-	432,810	432,810
Disposal/write-off	-	(29,189)	(29,189)
Balance at 31 December 2015	<u>-</u>	<u>512,669</u>	<u>512,669</u>
Amortization and impairment losses			
December 2017			
Balance at 1 January 2017	-	310,753	310,753
Amortization for the period	-	214,963	214,963
Write off	-	(10,867)	(10,867)
Balance at 31 December 2017	<u>-</u>	<u>514,849</u>	<u>514,849</u>
December 2016			
Balance at 1 January 2016	-	124,234	124,234
Opening balance of acquired subsidiary	-	10,768	10,768
Amortization for the period	-	175,751	175,751
Balance at 31 December 2016	<u>-</u>	<u>310,753</u>	<u>310,753</u>
December 2015			
Balance at 1 January 2015	-	64,841	64,841
Amortization for the period	-	88,582	88,582
Write off	-	(29,189)	(29,189)
Balance at 31 December 2015	<u>-</u>	<u>124,234</u>	<u>124,234</u>
Net Book Value			
Balance at 31 December 2017	<u>675,373</u>	<u>562,140</u>	<u>1,237,513</u>
Balance at 31 December 2016	<u>675,373</u>	<u>475,616</u>	<u>1,150,989</u>
Balance at 31 December 2015	<u>-</u>	<u>388,435</u>	<u>388,435</u>

Amortization method used is straight line.

CORONATION MERCHANT BANK LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE YEARS ENDED 31 DECEMBER 2017

Amount in thousands of Naira (N'000) unless otherwise stated

26b Intangible assets

(i) Goodwill is attributable to the acquisition of following subsidiaries:

<i>In thousands of Naira</i>	December 2017	December 2016
Coronation Securities Limited	675,373	675,373
	<u>675,373</u>	<u>675,373</u>

There were no capitalised borrowing costs related to the internal development of software during the year ended 31 December 2017 (31 December 2016: nil, 31 December 2015: nil). The recoverable amount of Goodwill as at 31 December 2017 is greater than its carrying amount and is thus not impaired.

(ii) Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. Impairment assessment has been performed for the period, while no losses on goodwill were recognized during the period under review 31 December 2017 (31 December 2016: Nil, 31 December 2015: Nil)

The recoverable amount of Goodwill as at 31 December 2017 was greater than its carrying amount and is thus not impaired.

The recoverable amount was determined using a value-in-use computation as N4.6Bn (31 December 2016: N6.83Bn).

Goodwill is monitored by the Group on an entity by entity basis

The key assumption used in computing the value-in-use for goodwill in 2017 and 2016 are as follows:

	December 2017 Coronation Securities Limited	December 2016 Coronation Securities Limited
Cumulative annual volume growth (i)		7.00%
Long term growth rate (i)	1.49%	1.10%
Discount rate (ii)	23.79%	26.72%

(i) Weighted average growth rate used to extrapolate cash flows beyond the budget period.

(ii) Pre-tax discount rate applied to the cash flow projections.

Cash flow forecast

Cash flows were projected based on past experience, actual operating results and the 5-year business plan. These cashflows are based on the expected revenue growth for the entity over the remaining 4 years (31 December 2016: 5 years) in this 5-year period.

Discount rate

Pre-tax discount rate of 23.79% (31 December 2016: 26.72%) was applied in determining the recoverable amounts for the only entity with goodwill (Coronation Securities Ltd). This discount rate was estimated using the risk-free rate, equity and country risk premium for Nigeria.

Longterm term growth rate

The long term growth rate applied was based on the long term growth rate in GDP of Nigeria

The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions are not expected to cause the recoverable amount of the subsidiary (from which the goodwill arose) to decline below the carrying amount.

December 2017

Sensitivity analysis of key assumptions used

	10% increase	10% decrease
Impact of change in discount rate on value-in-use computation	(276,271)	308,352
Impact of change in growth rate on value-in-use computation	17,826	(17,589)

December 2016

Sensitivity analysis of key assumptions used

	10% increase	10% decrease
Impact of change in discount rate on value-in-use computation	(721,101)	906,775
Impact of change in growth rate on value-in-use computation	12,169	(12,068)

EXTRACT FROM THE REPORTING ACCOUNTANTS REPORT

CORONATION MERCHANT BANK LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2017

Amount in thousands of Naira (N'000) unless otherwise stated

27 Property and equipment
 Group
 In thousands of Naira

	Office Equipment	IT Equipment	Furniture and Fittings	Motor Vehicles	Leasehold Improvements	Building	Land	Work in Progress	Total
Cost									
Balance at 1 January 2017	78,211	375,378	262,474	507,848	-	1,868,735	220,000	-	3,312,646
Acquisitions	43,033	93,275	15,213	255,078	59,472	21,101	19,614	6,510	513,295
Disposals	(252)	(6,638)	(499)	(56,178)	-	-	-	-	(63,567)
Transfers from investment property	-	-	-	-	-	-	259,119	-	259,119
Balance at 31 December 2017	120,992	462,014	277,188	706,748	59,472	1,889,836	498,733	6,510	4,021,493
Balance at 1 January 2016	24,413	178,323	54,803	224,539	-	-	-	1,439,595	1,921,673
Carrying value of property and equipment from acquired subsidiary	9,087	-	-	19,731	-	-	-	-	28,818
Acquisitions	10,025	69,704	6,369	370,926	-	-	-	1,118,814	1,575,838
Disposals	(26,703)	(17,657)	(47,796)	(107,348)	-	-	-	(210)	(199,714)
Transfers	61,389	145,008	249,098	-	-	1,868,735	220,000	(2,558,199)	(13,969)
Balance at 31 December 2016	78,211	375,378	262,474	507,848	-	1,868,735	220,000	-	3,312,646
Balance at 1 January 2015	37,055	137,102	56,962	168,251	-	-	-	64,033	463,403
Acquisitions	4,908	129,615	1,345	155,267	-	-	-	1,375,562	1,666,697
Disposals	(17,550)	(88,394)	(3,504)	(98,979)	-	-	-	-	(208,427)
Balance at 31 December 2015	24,413	178,323	54,803	224,539	-	-	-	1,439,595	1,921,673

EXTRACT FROM THE REPORTING ACCOUNTANTS REPORT

CORONATION MERCHANT BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE YEARS ENDED 31 DECEMBER 2017

Amount in thousands of Naira (N'000) unless otherwise stated

28 Deferred tax assets and liabilities

(a) Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	Dec-17	Dec-16	Dec-15
	Assets	Assets	Assets
Property and equipment, and software	(114,660)	(105,634)	129,552
Allowances for loan losses	3,037	21,665	(30,665)
Tax loss carry forward	5,313,807	5,347,105	5,118,307
Exchange loss unrealised	(785)	(134)	-
Deferred tax assets (net)	5,201,399	5,263,002	5,217,194
	<u>December</u>	<u>December</u>	<u>December</u>
	2017	2016	2015
Deferred income tax assets			
- Deferred income tax asset to be recovered after more than 12 months	5,201,635	5,243,959	5,247,859
- Deferred income tax asset to be recovered within 12 months	2,252	21,531	(30,665)
	5,203,887	5,265,490	5,217,194
Deferred income tax liabilities			
- Deferred income tax liability to be recovered after more than 12 months	2,488	-	-
	2,488	-	-

(b) Movement on the net deferred tax assets / (liabilities) account during the period:

In thousands of Naira				
31 December 2017 GROUP				
	1 Jan 2017	Recognised in P&L	Recognised OCI	31 December 2017
PPE and intangible assets	(105,634)	(9,026)	-	(114,660)
Allowances for loan losses	21,665	(18,628)	-	3,037
Tax loss carry forward	5,347,105	(33,298)	-	5,313,807
Exchange loss unrealised	(134)	(651)	-	(785)
	5,263,002	(61,603)	-	5,201,399
31 December 2016 GROUP				
	1 Jan 2016	Recognised in P&L	Recognised OCI	31 Dec 2016
PPE and intangible assets	129,552	(232,698)	-	(103,146)
PPE and intangible assets- acquired subsidiary	(7,032)	4,544	-	(2,488)
Allowances for loan losses	(30,665)	52,330	-	21,665
Tax loss carry forward	5,118,307	228,798	-	5,347,105
Exchange loss unrealised	-	(134)	-	(134)
	5,210,162	52,840	-	5,263,002
31 December 2015 GROUP				
	1 Jan 2015	Recognised in P&L	Recognised OCI	31 Dec 2015
PPE and intangible assets	101,408	28,144	-	129,552
Allowances for loan losses	954	(31,619)	-	(30,665)
Tax loss carry forward	4,082,188	1,036,119	-	5,118,307
	4,184,550	1,032,644	-	5,217,194

The Group has assessed that based on the projected income from the bank's operations for the financial year 2018 - 2022, the deferred tax asset of N5.203 billion for the year ended 31 December 2017 representing 33.4% of the total deferred tax available of N15.59 billion is recoverable. The Group reckons it is probable that future taxable profit will be available against which the losses and other temporary differences that gave rise to the deferred tax asset can be utilized.

CORONATION MERCHANT BANK LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE YEARS ENDED 31 DECEMBER 2017

Amount in thousands of Naira (N'000) unless otherwise stated

29 Assets classified as held for sale

(a) Non-current assets held for sale

During the year the Bank disposed the properties located at Sagamu Papalanto with the carrying value of N29,575,000 at a loss of N24,575,000. This loss is reported as "Loss on disposal of non current asset held for sale" in other operating expense.

<i>In thousands of Naira</i>	Group Dec-17	Group Dec-16	Group Dec-15
Balance at 1 January 2017	29,575	48,756	48,756
Reclassification	-	(19,181)	-
Disposal	(29,575)	-	-
Balance at 31 December 2017	-	29,575	48,756

30 Due to financial institutions

<i>In thousands of Naira</i>	Group Dec-17	Group Dec-16	Group Dec-15
Secured takings	11,206,114	18,637,966	22,852,261
	11,206,114	18,637,966	22,852,261

Deposit from financial institutions are all current in nature

31 Due to customers

<i>In thousands of Naira</i>	Group Dec-17	Group Dec-16	Group Dec-15
Current deposit	6,522,062	6,941,139	971,609
Call deposit	3,575,498	1,965,067	1,024,502
Customers' investment fund	66,296,938	44,570,703	32,881,179
	76,394,498	53,476,909	34,877,290

Due to customers are all current in nature

32 Other liabilities

<i>In thousands of Naira</i>	Group Dec-17	Group Dec-16	Group Dec-15
Financial liabilities			
Sundry creditors	61,834	101,554	169,999
Trade related liabilities ¹	14,449,751	4,821,365	-
Other financial liabilities	3,772,766	2,392,621	1,954
	18,284,351	7,315,540	171,953
Non-financial liabilities			
Other current non-financial liabilities	897,313	997,651	4,724
	897,313	997,651	4,724
Total other liabilities	19,181,664	8,313,191	176,677

Other liabilities are all current in nature

¹ This represents the Naira value of foreign currencies liabilities due to correspondent banks and customers on letter of credit transactions

EXTRACT FROM THE REPORTING ACCOUNTANTS REPORT

CORONATION MERCHANT BANK LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE YEARS ENDED 31 DECEMBER 2017

Amount in thousands of Naira (N'000) unless otherwise stated

33 Capital and reserves

A Share capital

In thousands of Naira	Dec-17	Dec-16	Dec-15
(a) Authorised: Ordinary shares: 10,000,000	10,000,000	10,000,000	10,000,000
	-	-	-
	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>

In thousands of Naira	Dec-17	Dec-16	Dec-15
(b) Issued and fully paid-up : 5,050,546,281 ordinary shares of N1 each	5,050,546	5,050,546	4,854,118

Ordinary shareholding:

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Bank. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Bank.

The movement on the number of shares in issue during the year was as follows:

In thousands of units	Dec-17	Dec-16	Dec-15
Balance, beginning of year	5,050,546	4,854,118	4,854,118
Disposal of treasury shares	-	(209,232)	-
Additional capital through share issuance	-	405,660	-
Balance, end of year	<u>5,050,546</u>	<u>5,050,546</u>	<u>4,854,118</u>

B Share premium

Share premium is the excess paid by shareholders over the nominal value for their shares.

In thousands of Naira	Dec-17	Dec-16	Dec-15
Balance, beginning of year	3,655,348	3,331,241	3,331,241
Disposal of treasury shares	-	(345,233)	-
Additional capital through share issuance	-	669,340	-
Balance, end of year	<u>3,655,348</u>	<u>3,655,348</u>	<u>3,331,241</u>

CORONATION MERCHANT BANK LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE YEARS ENDED 31 DECEMBER 2017

Amount in thousands of Naira (N'000) unless otherwise stated

C Reserves

Other Reserves
 Other regulatory reserves

(i) Statutory reserves

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

(ii) Available for sale reserve

The fair value reserve comprises the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

(iii) Regulatory risk reserve

The regulatory risk reserves warehouses the difference between the allowance for impairment losses on balance on loans and advances based on Central Bank of Nigeria prudential guidelines and Central Bank of the foreign subsidiaries regulations, compared with the loss incurred model used in calculating the impairment under IFRSs.

(iv) Retained earnings

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

34 Contingencies and commitments

(i) Legal proceedings

There were two outstanding legal proceedings with claims amounting to N348.9 million against the Group as at 31 December 2017 (2016: N43.918million, 2015: Nil). The claim is being defended vigorously by the Group as it is considered to be of no merit whatsoever. The Directors believe that, based on currently available information and advice of counsel, none of the outcomes that result from such proceedings will have a material adverse effect on the financial position of the Group, either individually or in the aggregate. No provision has been made for the year ended 31 Dec 2017 (2016:Nil, 2015: Nil).

	Dec-17	Dec-16	Dec-15
<i>In thousands of Naira</i>			
Contingent liabilities:	-	-	-
Commitments:			
Software Acquisition	64,064	44,375	61,745
Clean Line Letters of Credit	20,913,167	-	-
Guaranteed credit facilities	4,062,500	-	-
Investment property	-	3,750	922,015
	<u>25,039,731</u>	<u>48,125</u>	<u>983,760</u>
Operating lease commitments			
Where the Company is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:			
No later than one year	5,233	36,582	9,109
Later than one year and no later than five years	1,800	-	9,010
	<u>7,033</u>	<u>36,582</u>	<u>18,119</u>

CORONATION MERCHANT BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE YEARS ENDED 31 DECEMBER 2017

Amount in thousands of Naira (N'000) unless otherwise stated

35 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as key management personnel.

The parent company of the Group is Coronation Merchant Bank Limited. The Group is wholly owned by Nigerian citizens. The subsidiary company included in the Group comprise the following:

	Ownership Interest (%)		
	31 Dec 2017	31 Dec 2016	31 Dec 2015
Staff share trust	-	-	100%
Coronation Securities Limited	100%	100%	100%
Coronation Asset Management Limited	100%	100%	100%

36 Dividends

A dividend in respect of the year ended 31 December 2017 of 30 kobo per share (2016: 15 kobo, 2015: 10.5 kobo) amounting to a total dividend of N1.5 billion (2016: N757.6 million, 2015: N487.7 million) is to be approved by the shareholders. These financial statements do not reflect this dividend payable.

37 Events after statement of financial position date

There were no events after the reporting date.

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

Under current legislation in Nigeria, the tax consequences of an investment in the Bonds to be issued under the Programme are quite broad and extensive. On 2nd January 2012, the regulatory landscape for taxes for all categories of bonds witnessed a major overhaul as the Federal Government of Nigeria approved a waiver of taxes for all categories of bonds and short term Federal Government Securities to drive the growth of all segments of the domestic bond market. The range of taxes covered by the approval are those prescribed under the PITA, CITA Order, VAT Exemption Order and the VAT Order.

By virtue of the CITA Order which came into force on 2nd January 2012, interest earned by holders of bonds issued by Nigerian corporate bodies are exempted from income taxes which would ordinarily have been paid on such income. This exemption is for a period of ten (10) years from the date of the CITA Order and is therefore expected to expire in 2022 after which the Issuer would be required by law to withhold tax on Coupon payments to the Holders that are corporate entities.

Also, the PITA exempts the interest earned by holders of bonds (to whom the PITA applies) issued by Nigerian corporate bodies from income taxes which would ordinarily have been paid on such income. Unlike the CITA Order, this exemption is not stated to be for a limited period.

Furthermore, the proceeds from the disposal of the Bonds are exempt from tax imposed under the VAT Act by virtue of the VAT Order, commencing from 2nd January 2012. This exemption is also for a period of ten (10) years from the commencement date of this VAT Order. Thus, VAT will not be payable upon a disposal of the Bonds during the subsistence of the VAT Order. In any case, upon the expiry of the VAT Order, VAT should not be charged on the disposal of the Bonds. This is because the VAT Act does not currently impose VAT on the proceeds realised from a disposal of intangible properties such as securities. However, upon termination of the exemption period on 2nd January 2022, where the Bonds remain outstanding, the proceeds of the disposal of the Bonds could be held by the FIRS to be subject to VAT.

In addition, the VAT Exemption Order exempts (a) commissions earned on traded value of the shares, and (b) commissions payable to the SEC, The NSE and the CSCS from VAT for a period of five years from the commencement date of the order i.e., 25th July 2014. Accordingly, any commission payable to the CSCS, the SEC or The NSE in connection with the Bonds will be exempt from VAT for a period of five (5) years from the commencement date of this order i.e., until 24th July 2019. After this date, Holders may be required to pay VAT on any commission payable to the CSCS, the SEC or The NSE in connection with Bonds. This exemption only applies to trading of securities on The NSE and does not extend to the FMDQ. Therefore, Bondholders may have to pay VAT on fees payable in connection with Bonds traded on the FMDQ.

The following section does not describe all the risks (including those relating to each prospective investor's circumstances) with respect to an investment in the Bonds. The risks in the following section are provided as general information only. Before making any investment decision, prospective investors should carefully read this Shelf Prospectus in its entirety, including the risk factors set out below. Investors should also seek professional advice before making investment decisions in respect of the Bonds.

Further to the above, the Issuer disclaims any responsibility for advising prospective investors of such risks as they exist at the date of this Shelf Prospectus or as such risks may change from time to time. Prospective Investors should consult their own financial and legal advisers about the risks associated with an investment in the Debt Securities.

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

RISK RELATING TO THE NIGERIAN ECONOMY

Nigeria's Mono-Economy System

The oil sector plays a central role in Nigeria's economy, as it accounts for a substantial portion of export earnings. The sector contributed 8.35% and 8.68% to real GDP in 2016 and 2017 respectively and over 90% of export earnings in 2017¹⁷. The oil sector grew 14.7% year-on-year in the first quarter of 2018, accelerating from a 11.2% expansion in the prior period which account for 9.6% of the GDP compared to 8.5% in 2017¹⁸.

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

Emerging Market Related Risks

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

Political Environment

Political risks are associated with the nation's political climate. Nigeria's diverse political, religious and ethnic landscape has led to struggles for power between rival groups, and this has consistently influenced the quality of governance in the country. The continued criminal activity, regional unrest, political and religious conflicts in the country may lead to lower oil production, deter investments in the

¹⁷ National Bureau of Statistics

¹⁸ Trading Economics

RISK FACTORS

country and lead to increased political instability that could have a material adverse effect on Nigeria's economy. Changes in government policies that directly or indirectly affect the banking landscape could impact on the Bank's business.

General elections are due in Nigeria between February and March 2019. There is political uncertainty on whether President Muhammadu Buhari of the All Progressives Congress will win a re-election or the presidential candidates of any of the opposition parties will defeat him. Recent elections in Nigeria have been successful in creating a democratic resolution of political conflicts and 2015's presidential election was concluded with the peaceful transition from one president and party to another. However, not all of Nigeria's political changes, and elections, have been as peaceful as the recent elections. Therefore, any political unrest arising from the electioneering process, the general elections dates and post-elections could have an impact on the ability of the company to efficiently carry on its operations.

RISK FACTORS RELATING TO THE SPONSOR

The ultimate obligor for the indebtedness arising from the issuance of these bonds is Coronation Merchant Bank Limited. The Bank is exposed to commercial and market risks in the ordinary course of its business, the most significant of which are credit risk, market risk, liquidity risk, operational risk and regulatory and legal risk.

Whilst the Bank has implemented appropriate policies, systems and processes to control and mitigate these risks, investors should note that any failure to control these risks adequately could have an adverse effect on the financial condition and reputation of the Bank. Below are brief descriptions of the risk factors that are material in respect of the financial situation of the Bank under the Programme.

Credit Risk

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

Market Risk

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

- **Foreign Exchange Risk**

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

- **Interest Rate Risk**

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

RISK FACTORS

Liquidity Risk

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

Operational Risk

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

Regulatory and Legal Risk

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

RISKS RELATING TO THE ISSUER

Credit Risk

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

The issuer is exposed to majorly risk of default by its counterparty- the Sponsor. The source of repayment to the Bondholders is primarily payment received by the issuer with regards to notes issued by the sponsor. Consequently, if the Bank fails to meet its payment obligations on the notes in full, it will result in the Bondholders receiving less than the scheduled amount of principal and/or interest and/or other amounts (if any) payable on the bonds.

Investors are relying solely on the creditworthiness of the Sponsor. Therefore, investment in the bonds also involves the risk that subsequent changes in the actual or perceived creditworthiness of the Sponsor may adversely affect the market value of such bonds.

Change in Law

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

Credit Risk

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

RISK RELATING TO THE BOND

Liquidity Risk

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

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

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

Early Redemption

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

A. Authorization of the Programme

In line with the Board Resolution dated 14 September 2018, the Board of Directors of the Issuer, passed a resolution approving the establishment of the proposed ₦100 billion Debt Issuance Programme and the issuance of Debt Securities thereunder during the subsistence of the Programme.

B. Incorporation and Share Capital History

Legal Form

The Bank (which was formerly a discount house) was initially incorporated in Nigeria under the Companies and Allied Matters Act as a private limited liability company on 21 October 1992. The discount house was later transformed into a Merchant Bank. The merchant banking license was obtained from the CBN on 30 April 2015 while full operations commenced later in 2015.

Principal Activity

The principal activity of the Bank is provision of treasury management services, trading in and holding of Federal Government of Nigeria (FGN) bonds and other money market activities, dealing in and provision of foreign exchange services, financial consultancy and advisory services, act as issuing house or otherwise manage, arrange or coordinate the issuance of securities, portfolio management and provision of finance and credit facilities to non-retail customers.

Share Capital

Currently, the Bank's authorized share capital is ₦10 billion comprising 10 billion ordinary shares of ₦1.00 each, and its issued and fully paid share capital is ₦5,050,546 billion comprising 5.05 billion ordinary shares of ₦1.00 each.

C. Shareholding Structure

According to the register of members at 31 December 2017, the following shareholders held more than 5% of the issued share capital of the Bank:

Shareholders	Number of Shares Held	Shareholding %
WAPIC Insurance Plc	1,151,522,548	22.80
Marina Securities Ltd	1,146,884,889	22.71
Coronation Capital (Mauritius) Ltd	672,530,308	13.32
United Securities Ltd	407,836,646	8.08
Regali Estates Ltd	377,358,491	7.47
Mikeade Investment Co. Ltd	283,018,868	5.60

D. Beneficial Interests

The Directors who hold direct or indirect shares in the Bank as at 31 December 2017, are shown in the table below:

Directors	Direct Shareholding	Indirect Shareholding
Babatunde Folawiyo (Chairman)	-	226,415,094
Abubakar Jimoh (GMD/CEO)	103,775,585	-
Larry Ettah (Non-Executive Director)	-	235,397,741

STATUTORY AND GENERAL INFORMATION

Evelyn Oputu (Non-Executive Director)	-	2,887,629,202
A Attah	-	1,151,522,548

E. Indebtedness

Save as disclosed, and the Commercial Paper holders, the Bank has no outstanding loans, charges or other similar indebtedness. Details of any indebtedness at the time of issuance of any bonds under the Programme will be disclosed in the Applicable Pricing Supplement to that particular Series.

F. Extract of the Trust Deed

The Trust Deed contains inter alia, the following provisions:

2 APPOINTMENT OF TRUSTEES

2.1 The Issuer hereby appoints each of the Trustees and the Trustees hereby severally agree and accept to act as Trustee, to act on behalf of the Bondholders, to hold the benefit of the covenants and other obligations on the part of the Issuer herein contained on behalf of the Bondholders and itself on the terms and subject to the conditions contained in this Trust Deed.

2.2 All sums received by the Trustees in respect of the Bonds or amounts payable under this Deed shall be received by the Trustees on trust to apply same in accordance with the rights of each Bondholder as set out in this Deed and the relevant Series Trust Deed.

3 DECLARATION OF TRUST

3.1 The Trustees

The Trustees hereby jointly and severally declare themselves as Trustees for the Bondholders with effect from the date of this Deed to hold the benefit of the covenants and other obligations on the part of the Issuer herein contained on trust for the Bondholders and themselves according to their respective interests, subject to the terms and conditions of this Deed.

3.2 Duration of Trust

The Trust created by this Deed shall remain in full force and effect until the date on which, following the redemption of all Bonds issued pursuant to the Programme and receipt by the Trustees of unconditional confirmation in writing from the Registrar that the Bondholders have been paid all outstanding obligations, the Issuer receives unconditional release in writing from the Trustees from all of its obligations under this Deed. For the avoidance of doubt, the Parties to this Deed agree that the common law rules against perpetuities will apply to this Deed.

4 THE TRUST DEED BINDING ON ALL PARTIES

The provisions of this Deed shall be binding on the Issuer, the Trustees and the Bondholders and all persons claiming through them respectively as if such Bondholder(s) and persons are Parties to this Deed. However, a bondholder who feels dissatisfied can personally initiate a legal action to enforce his right without recourse to the Trustees.

5 THE BONDS

- 5.1 The Issuer shall issue and offer Bonds in Series having an aggregate nominal amount, from time to time, up to and not exceeding the Aggregate Principal Amount by way of public offer, book building, private placement or any other method selected by the Issuer in accordance with the terms of this Deed. Any Bonds issued hereunder shall be constituted by this Deed without further formality.
- 5.2 Any Series, as and when issued, shall constitute a single class and shall be direct, unsecured and unconditional obligations of the Issuer as provided in the relevant Series Trust Deed and the ranking shall be as specified in the relevant Series Trust Deed and/or Pricing Supplement.
- 5.3 The issued Bonds shall constitute an irrevocable obligation of the Issuer to the Bondholders for the Principal Amount and Coupon (where applicable).
- 5.4 The Bonds shall be issued by way of an offer for subscription or private placement through a pre-pricing process, underwriting process, book building process and/or any other such methods as set out more particularly in a Pricing Supplement.
- 5.5 Each issue of Bonds shall form a separate Series. The provisions of this Deed shall apply *mutatis mutandis*, separately and independently to each Series. Each Series shall be constituted by a separate trust created by a Series Trust Deed under which the Trustees shall hold the benefit of the covenant in Clause 7.2 (Covenant to Repay and to Pay Coupon on the Bonds) in this Trust Deed in trust for the Bondholders of the particular Series. The provisions contained in any Series Trust Deed apply only in relation to the Series to which it relates.
- 5.6 The name of each Series will commence with the word “Series” and will be followed by a number in consecutive order of issuance of the Series (for example the first Series will be known as the “Series 1 Bonds”).
- 5.7 If there is any conflict between the provisions of a Series Trust Deed relating to a Series and the provisions of this Trust Deed, the provisions of the Series Trust Deed shall prevail over the provisions of this Trust Deed in respect of the relevant Series.
- 5.8 Subject to the approval of the Relevant Exchange, the Bonds shall be listed on the Relevant Exchange and/or admitted to listing, trading and/or quotation by any other listing authority, securities exchange and/or quotation system as specified in the relevant Pricing Supplement.
- 5.9 The Bonds will be issued in denominations as specified in the Series Trust Deed relating to the relevant Series.
- 5.10 The tenor of the Bonds for each Series shall be specified in the Series Trust Deed.
- 5.11 Other than as provided in this Deed, there are no restrictions on the transferability of the Bonds.
- 5.12 **Form of the Bonds**
- 5.12.1 The Bonds shall be delivered in de-materialised (uncertificated) form and held in electronic book-entry form with the CSCS. The bonds shall be freely transferable in accordance with the provisions of this Trust Deed and shall be made eligible for admission to Listing on a recognised Exchange and issued in accordance with applicable legal and stock exchange listing authority and/or quotation system requirements and evidenced by credit into the Bondholder’s securities account. Each

bondholder shall be entitled to deal in the same in accordance with CSCS procedures and guidelines.

5.12.2 The statements issued by the CSCS as to the aggregate number of Bonds standing to the CSCS Account of any person shall be conclusive and binding for all purposes save in the case of manifest error, such person (or his/her legal representatives) 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. Provided, and subject to the guidelines of the CSCS, a Bondholder may request for a composite statement of the Bonds which it holds.

5.12.3 The holder of a Bond as shown in the records of CSCS (or his/her legal representatives or any successor in title to a corporate Bondholder) is entitled to the benefit of, bound by, and is deemed to have notice of, all the provisions of this Deed and any relevant Series Trust Deed.

5.13 **Conditions of the Bond**

The Issuer shall comply with, perform and observe all the provisions of this Deed, which are binding on it, and of the Conditions. The Conditions shall be deemed to be incorporated in this Deed and shall be binding on the Issuer, the Trustees and the Bondholders and all persons claiming through or under them respectively.

5.14 **Ranking of Bonds**

The ranking of the Bonds as and when issued shall be as specified in the relevant Series Trust Deed and/or Pricing Supplement.

6 **PURPOSE**

6.1 The purpose for which the proceeds of the Bonds are to be utilised shall be specified in the relevant Pricing Supplement.

6.2 Without prejudice to the generality of the foregoing and the subsequent provisions of this Deed, the Trustees shall not be bound to enquire as to the application of the proceeds of the Bonds.

7 **COVENANTS OF THE ISSUER**

7.1 **Covenant of Compliance**

The Issuer hereby covenants with the Trustees that it shall comply with and perform all the provisions of this Deed which are binding on it. The Conditions shall be binding on the Issuer, Trustees and Bondholders. The Trustees shall be entitled to enforce the obligations of the Issuer under the Bonds as if the same were set out and contained in the Trust Deed, which shall be read and construed as one document with the Bonds. The Trustees shall hold the benefit of this covenant upon trust for themselves and the Bondholders according to their respective interests.

7.2 **Covenant to Repay and to Pay Coupon on the Bonds**

7.2.1 The size of the Bonds under the Programme is limited to the Aggregate Principal Amount and the aggregate principal amount of the Bonds of each Series is limited to the amount specified in the Series Trust Deed(s) in respect of such Series.

- 7.2.2 The Issuer hereby acknowledges that, to the extent that any such Bonds are constituted under the relevant Series Trust Deed and are issued, it will be indebted to the Bondholders in an aggregate Principal Amount specified in the Series Trust Deed(s) in respect of such Series. The Issuer covenants with and undertakes to the Trustees that the Bonds, to the extent constituted and issued, shall be redeemed together with any outstanding Coupon and other moneys on the Redemption Date (or earlier on an amortised basis) provided for in the relevant Series Trust Deed or such earlier date as the same or any part thereof may become due and repayable thereunder. As and when the Bond or any part thereof ought to be redeemed or repaid in accordance with the provisions of the relevant Series Trust Deed, the Issuer shall pay or procure to be paid to or to the order of the Trustees in immediately available funds, the full Principal Amount of the Bond or as the case may be such part of the Bond as ought to be redeemed on that date together with such premiums (if any) thereon as may be payable, and shall in the meantime and until such date (both before and after any judgment or other order of a court of competent jurisdiction) pay or procure to be paid unconditionally to or to the order of the Trustees as aforesaid, Coupon (which shall accrue from day to day) on the principal amount of the Bonds.
- 7.2.3 In any case where payment is not made to the Trustees on or before the due date or improperly withheld or refused by the Issuer, the Coupon shall continue to accrue on the Principal Amount Outstanding of the Bonds so withheld or refused (both before and after any judgment or order of a court of competent jurisdiction) at the Coupon Rate up to and including the date on which the Trustees determine to be the date on and after which payment is made to the Bondholders.
- 7.2.4 Every payment of principal and or Coupon on the Bonds shall be made free of all costs, commissions, charges, fees, or other payments or deductions, other than any tax on income which the Issuer may by any Applicable Laws be required to deduct.
- 7.3 **Authorisations**
- The Issuer shall obtain, make and keep in full force and effect all authorisations that may be required for the validity and enforceability of the Issue Documents against the Issuer.
- 7.4 **Compliance with Laws**
- The Issuer shall comply in all respects with all Applicable Laws, permits, and licences to which it may be subject and which in each case are material to its business and its obligations under the Issue Documents for as long as any Bonds are outstanding under the Programme, and shall obtain and maintain such permits and licences except where such non-compliance will not result in a Material Adverse Effect on its business or its obligations under the Issue Documents.
- 7.5 **Financial Statements and Covenants**
- 7.5.1 The Issuer shall furnish the Trustees with a copy of the financial statement on its quarterly performance within ten (10) Business Days of sending the financial statement to the Commission and the Relevant Exchange.
- 7.5.2 The Issuer shall furnish the Trustees with at least 5 (five) copies of its audited financial statements, including its balance sheet as at the close of each fiscal year and its profit and loss account and statement of cashflows for that fiscal year, prepared in accordance with IFRS and is concurred to

by the Auditors as giving a true and fair representation of the financial condition of the Issuer as at the close of each fiscal year, at the same time as such statements are being sent to its ordinary shareholders.

7.6 **Pari Passu ranking**

The Issuer shall procure that its payment obligations under the Bonds will rank in respect of principal and any Coupon thereon, at all times, at least equally with all other unsecured and unsubordinated obligations of the Issuer, present and future but in the event of insolvency, only to the extent permitted by Applicable Laws relating to creditors' rights.

7.7 **Mergers and other arrangements**

The Issuer shall not, for as long as any Bonds remain outstanding and, without the prior written consent of the Trustees (such consent not to be unreasonably withheld, in so far as the Trustees are of the opinion that the interests of the Bondholders would not be jeopardised in any material way), enter into any amalgamation, de-merger, merger, consolidation or corporate reconstruction, if such amalgamation, de-merger, merger, consolidation or corporate reconstruction would have a Material Adverse Effect, unless:

- i the Issuer shall be the continuing person, or the successor person (as a result of such amalgamation, de-merger, merger, consolidation or corporate reconstruction), shall continue to be a company incorporated and validly existing under the laws of Nigeria, and shall assume all of the obligations of the Issuer under the Trust Deed by way of a supplemental trust deed to this Deed in form and substance satisfactory to the Trustees;
- ii immediately before and after giving effect to such amalgamation, de-merger, merger, consolidation or corporate reconstruction no Potential Event of Default or Event of Default shall have occurred and be continuing; and
- iii the Issuer or such successor person, as the case may be, shall have delivered to the Trustees (a) an opinion of independent legal adviser(s) of recognised standing, stating that the amalgamation, de-merger, merger, consolidation or corporate reconstruction complies with the provisions of subparagraph (i) above and (b) a certificate signed by 2 (two) of its Directors stating that the amalgamation, de-merger, merger, consolidation or corporate reconstruction complies with the provisions of subparagraphs (i) and (ii) above.

7.8 **Share Capital and other matters**

The Issuer shall not change or amend its constitutional documents being the Memorandum and Articles of Association in a manner that would adversely affect its ability or obligation to pay the principal and/or coupon on the Bonds issued under this Deed or the Programme and/or any moneys payable under this Deed unless the written consent of the Trustees is first obtained, which consent shall not be unreasonably withheld and such amendment is required by Applicable Law.

7.9 **Auditors**

The Issuer shall retain a reputable firm of auditors as its auditors at all times.

7.10 **Taxation**

STATUTORY AND GENERAL INFORMATION

The Issuer shall duly and punctually pay and discharge all Taxes (a) for which it reasonably believes it is liable pursuant to any self-assessment procedure and (b) assessed upon it or its assets under any Applicable Law within the time period allowed without incurring penalties, except solely, in the case of (b), to the extent that:

7.10.1 such payment is being contested in good faith;

7.10.2 adequate reserves are being maintained for those Taxes and any interest or penalties; and

7.10.3 such payment can be lawfully withheld.

7.11 **Statutory Payments**

The Issuer shall pay all stamp duties or other taxes imposed by any Authority upon or in connection with the issue and subscription of the Bonds and the execution and delivery of the Issue Documents. The Issuer shall also indemnify the Trustees and the Bondholders from and against all stamp or other taxes paid by any of them in connection with any action taken by or on behalf of the Trustees in relation to the Bonds or, as the case may be, the Bondholders to enforce the Issuer's obligations under this Trust Deed or the Bonds.

7.12 **Legal Status**

The Issuer shall ensure that it maintains its legal status and ensure that it complies with all Applicable Laws required to maintain such status.

7.13 **Information - Miscellaneous**

The Issuer shall ensure that information that has been or will be made available to the Bondholders, or the Trustees, by the Issuer or any director, officer, employee, or representative of the Issuer in connection with the transactions contemplated herein shall:

(a) be complete and correct in all material respects; and

(b) 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.

7.14 **Proper Books of Account**

The Issuer shall keep proper books of account and make true and proper entries therein and, at any time after an Event of Default or Potential Event of Default has occurred or if the Trustees reasonably believe that an Event of Default or Potential Event of Default may have occurred or may be about to occur, allow the Trustees and the Issuer's Auditors free access to such books of account at all reasonable times during normal business hours.

7.15 **Establishment of a Debt Service Reserve Account**

The Issuer may establish a Debt Service Reserve Account in a manner as may be provided for under the Pricing Supplement and the relevant Series Trust Deed.

7.16 **Restricted Payments**

The Issuer 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 or a Potential Event of Default has occurred and is continuing.

7.17 Additional Covenants

The Issuer further covenants to the Trustees that it shall:

7.17.1 use its best endeavours to maintain the quotation or listing on the relevant securities market or 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 a Relevant Exchange 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 a Relevant Exchange or securities market or markets enter into a deed supplemental to this Trust Deed or the relevant Series Trust Deed to effect such consequential amendments as the Trustees may require or as shall be requisite to comply with the requirements of any Relevant Exchange or securities market. Provided that the Issuer shall not delist the Bonds from any Exchange without the prior approval of the Majority Bondholders;

7.17.2 provide to the Trustees all such documents and information as the Trustees may reasonably require in connection with the performance by the Trustees of their obligations under this Deed within 15 (fifteen) Business Days of receipt of a written request from the Trustees or, in the event that the Issuer may require a longer period to obtain such documents or information from third parties as soon as is reasonably practicable after such request and in any event by such longer period as may be agreed with the Trustees in writing; and

7.17.3 on written request, issue to the Trustees in each year in which any part of the Principal Amount and any Coupon accrued thereon remains outstanding, a certificate stating that:

- (a) all arrangements required during the next financial year to meet payment obligations of the Issuer have been put in place by the Issuer; and
- (b) to the best of its knowledge, the Issuer is not aware of any facts or unforeseen circumstances in its ordinary course of business that will affect its ability to meet its payments obligations as and when due.

8 PRINCIPAL AND COUPON

8.1 Principal Amount

The principal amount due on the Bonds shall be repaid on the relevant Maturity Date or on an amortising basis in accordance with the terms of the relevant Series as specified in the Series Trust Deed and in accordance with the Conditions.

8.2 Coupon Rate

In the case of any coupon bearing Bond, Coupon shall be payable on the Bond at the rate specified in the Series Trust Deed relating to the applicable Series.

8.3 Coupon Payment Date

Coupon Payment Dates shall fall on the days and years as specified in the Series Trust Deed relating to the relevant Series.

9 CREATION OF ADDITIONAL SERIES

- 9.1 Subject to Clause 5.1, the Issuer shall be at liberty from time to time (but subject always to the provisions of this Deed), without the consent of the Bondholders, to create and issue additional Series pursuant to the Programme either (i) ranking *pari passu* in all respects (or in all respects save for the first payment of Coupon thereon, issue price, issue dates and aggregate principal amount) with outstanding Series, or (ii) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may at the time of issue thereof determine. For the avoidance of doubt, any further issuance of Bonds may have the same terms and conditions as the Bonds of any Series (or the same terms and conditions in all respects save for the amount and date of the first payment of coupon thereon, issue price, issue dates and aggregate principal amount) so that the same shall be *consolidated* and form a single series with the outstanding Bonds of a particular Series.
- 9.2 Any Series created pursuant to the provisions of Sub clause 9.1 shall be constituted by a Series Trust Deed supplemental to this Trust Deed (“**Series Trust Deed**”). In any such case, the Issuer may make such consequential modifications to this Trust Deed as the Trustees shall require in order to give effect to such issue of a Series.
- 9.3 A memorandum of every Series Trust Deed shall be endorsed by the Trustees on this Trust Deed and by the Issuer on duplicates of this Trust Deed.
- 9.4 The provisions of this Trust Deed except as otherwise varied in the relevant Series Trust Deed shall be incorporated by reference in the Series Trust Deed relating to any Series created pursuant to this Trust Deed.

10 REPRESENTATIONS AND WARRANTIES OF THE PARTIES

10.1 Representations and warranties of the Issuer

The Issuer hereby undertakes, represents and warrants to the Trustees that, as of the date of this Deed and to the Trustees and the Bondholders of the relevant Series as at the Closing Date and Coupon Payment Date of any Series of the Bonds:

- 10.1.1 it is a public limited liability company duly incorporated under Nigerian law with full power and authority, and has obtained all governmental licences, authorisations, consents and approvals, to enter into, execute, deliver and perform its obligations under the Issue Documents;
- 10.1.2 its execution and delivery of the Issue Documents and its performance thereunder:
- 10.1.2.1 have been duly authorised by all necessary corporate action (including any necessary shareholder or similar action);
 - 10.1.2.2 will not contravene any Applicable Law;
 - 10.1.2.3 will not contravene or constitute a default under any contractual obligation, judgment, injunction, order or decree

binding upon it or its assets; and

- 10.1.2.4 will not contravene other agreements and any of the provisions of the Issuer's constitutional documents;
- 10.1.3 each of the documents required to be executed and delivered in connection with the issue of the Bonds have been or will be duly executed and delivered by it and (with respect to any Bond, 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;
- 10.1.4 it is in material compliance with all Applicable Laws in relation to its obligations under the Programme;
- 10.1.5 it has obtained and, to the extent that it has not obtained, will obtain the required registration necessary for the issuance of the Bonds;
- 10.1.6 neither the Issuer 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 Issue Documents that may be brought in the courts of Nigeria or any relevant jurisdiction and where any such right is conveyed while the Bonds are outstanding, the Issuer hereby waives such right;
- 10.1.7 the obligations of the Issuer under the Issue Documents are direct, general and unconditional obligations of the Issuer and rank at least *pari passu* with all other present and future unsecured and unsubordinated Financial Indebtedness, if any, of the Issuer;
- 10.1.8 that it is neither unable nor has it admitted to any inability to pay its debts as they fall due and has not suspended making payments on any of its debts (other than debts disputed in good faith) 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 Financial Indebtedness;
- 10.1.9 no Moratorium has been declared in respect of any of its current Financial Indebtedness; and
- 10.1.10 the value of its assets is not less than its actual liabilities: and
- 10.1.11 save as may be otherwise disclosed in the applicable Pricing Supplement, no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if determined, might reasonably be expected to have a Material Adverse Effect has (to the best of its knowledge and belief) been started or threatened against it or its Subsidiary.
- 10.1.12 That all the information in the Issue Documents and any other document(s) that has been or will hereafter be made available to the Bondholders by the Issuer or any director, officer, employee or representative of the Issuer 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.

10.2 Representations and warranties of the Trustees

The Trustees hereby undertake, represent and warrant to the Issuer that, as of the date of this Deed and as at the Closing Date of any Series of the Bonds:

- 10.2.1 they are companies within the meaning of the CAMA;
- 10.2.2 they are duly registered and authorised by the Commission to act as trustees in connection with capital market transactions;
- 10.2.3 they have full power and authority to enter into this Deed and to exercise their rights and perform their obligations hereunder and have obtained all authorisations and consents necessary for them to enter, exercise rights and perform obligations under this Deed and such authorisations and consent are in full force and effect;
- 10.2.4 they have the resources, capacity and expertise to act on behalf of the Bondholders;
- 10.2.5 the obligations expressed to be assumed by them under this Deed are legal and valid obligations binding on them in accordance with their terms and they shall comply with the provisions of the ISA, and this Deed, in the performance of their obligations;
- 10.2.6 they shall provide any information that the Commission or the Issuer may require in connection with their obligation to act on behalf of the Bondholders;
- 10.2.7 they shall not allow any conflicts to occur between their obligations in connection with the Bonds and their commercial interests;
- 10.2.8 they do not have any subsisting and undisclosed fiduciary relationship with the Issuer; and
- 10.2.9 they shall comply with their obligations under this Deed.

11 ENFORCEMENT

The rights and duties of the Trustees, and the rights and duties of the Bondholders, in respect of the Bonds as to recovery of amounts owing on the Bonds and the Coupons are set out in Condition 19 (*Events of Default*) of the First Schedule.

12 ACCELERATION OF THE BONDS

- 12.1 The Issuer shall promptly give notice to the Trustees of each Potential Event of Default and of any other event that has or might have a Material Adverse Effect on its ability to perform its obligations under this Deed.
- 12.2 Upon the occurrence of an Event of Default the Trustees at their discretion may or shall (if requested to do so in writing by the Majority Bondholders, or are directed to do so by an Extraordinary Resolution of the Bondholders, and each case is indemnified to its satisfaction), give notice in writing to the Issuer, (a “**Bond Acceleration Notice**”) declaring the Bond to be immediately due and payable. When a Bond Acceleration Notice is given, all Bonds will become immediately due and payable in accordance with the terms of the Trust Deed at their Principal

Amount Outstanding together with accrued but unpaid Coupon without further action or formality.

13 PROCEEDINGS TO ENFORCE REPAYMENT

At any time after the Bonds shall have become immediately repayable pursuant to a Bond Acceleration Notice, the Trustees may, at their discretion and shall upon the request in writing of the Majority Bondholders, or upon being so directed by an Extraordinary Resolution and without further notice institute such proceedings as they may think fit to enforce the repayment of the Bonds and/or to enforce the other obligations of the Issuer under this Deed.

14 TRUST OF RECEIPTS

14.1 All monies received by the Trustees under this Deed shall be held by the Trustees (subject to the payment of any money having priority to the Bond) upon trust to apply such money for the following purposes and in the following order of priority:

14.1.1 Firstly, in payment of all costs, charges, expenses and liabilities incurred and payments made in or about the execution of the trusts of this Deed including all remuneration payable to the Trustees with interest on such sums as provided in Clause 14.2 of this Deed;

14.1.2 Secondly, in or towards payment of Coupon, default payments, or any sum due or owing upon the Bonds *pari passu* and without preference or priority; and

14.1.3 Thirdly, in or towards payment of the principal sum owing upon the Bonds *pari passu* and without preference or priority.

The surplus (if any) shall be paid to the Issuer or to the person or persons entitled to such surplus.

14.2 Fees, cost, charges, expenses and interest (in respect of late payment) if any, that is charged by any, attorney, agent or other person appointed by the Trustees pursuant to this Deed shall be for the account of the Issuer.

15 METHOD OF PAYMENT OF PRINCIPAL MONEY, COUPON AND PREMIUM

15.1 Payment of principal, Coupon and premium (if any) for the time being owing or due on all or any part of the Bond will be credited to the bank account nominated for this purpose by the Bondholder (or in the case of joint registered Bondholders, by the joint Bondholders) or any other method as the Trustees may determine.

15.2 Without prejudice to the provisions of the Conditions attaching to the Bonds referred to in the First Schedule, the receipt by each Bondholder or in the case of joint Bondholders by any one of such joint Bondholders of any principal or interest payable in respect of the Bond held by such Bondholder or joint Bondholders shall constitute a discharge of the payment obligations of the Issuer to pay such principal or coupon.

16 APPLICATION OF ENFORCEMENT PROCEEDS

All monies received by the Trustees in relation to enforcement proceeds shall be held by the Trustees, upon trust to apply the same in accordance with the order of priority set out in Clause 14 hereof.

17 TRUSTEES TO ACT ON INSTRUCTIONS OF BONDHOLDERS

The Trustees may, but shall not be bound to, take any proceedings or any other action in relation to this Deed, the Bonds or any documents executed pursuant thereto or any of the other Issue Documents to which the Trustees are party unless:

- 17.1 they shall have been so directed by an Extraordinary Resolution of the Bondholders; or
- 17.2 they shall have been requested to do so in writing by the Majority Bondholders; and
- 17.3 in either case, the Trustees (and every attorney, delegate, manager, agent or other person appointed by the Trustees hereunder) shall be entitled to be indemnified by the Bondholders and or secured to their satisfaction in respect of all liabilities, proceedings, claims, demands, costs, charges and expenses to which they may thereby become liable or which may be incurred by them (or any of the aforementioned parties so appointed by the Trustees) in connection therewith, provided that the Trustees shall not be held liable for the consequence of taking any such action.

18 TRUSTEES TO ENFORCE

Any power or right of the Bondholders under the Trust Deed shall be exercisable by the Trustees or any delegate appointed by the Trustees in accordance with the terms of the Trust Deed. Provided that where the Trustees having become bound to so proceed or exercise any specific right but fails to do so within fourteen (14) days and the failure is continuing, a Bondholder may exercise such specific rights against the Issuer which the Trustee has failed to exercise.

However, a bondholder who feels dissatisfied can personally initiate a legal action to enforce his right without recourse to the Trustees.

19 POWERS, DUTIES, RELIEFS AND INDEMNITIES OF TRUSTEES

- 19.1 The Trustees shall enjoy all powers, reliefs and indemnities granted to trustees pursuant to all Applicable Laws for the time being in force.
- 19.2 The Trustees shall have the power to do any act in accordance with this Deed, the relevant Series Trust Deed, the ISA and any Applicable Law which shall be on behalf of and for the benefit of the Bondholders.
- 19.3 The Trustees shall have the following duties and responsibilities:
 - 19.3.1 safeguard the rights of the Bondholders for the Issuer's obligations under the Programme;
 - 19.3.2 to summon, as and when necessary, meetings of all Bondholders of a Series or Tranche where a statement of affairs on the management of any funds on behalf of the Bondholders 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 28 (twenty-eight) clear days' written notice to all Bondholders (specifying the agenda at the meeting), and the said notice shall also be published in at least 2 (two) national newspapers. The procedure of and regulations for such a meeting of the Bondholders shall be in accordance with the Second Schedule to this Deed; and

- 19.3.3 not to enter into contracts or other arrangements that would amount to a conflict of interest in the performance of their respective obligations under this Deed, or any other customary obligations of a trustee.
- 19.4 The Trustees acting through their specified offices shall make payments of Coupon and principal in respect of the Bonds in accordance with the Conditions and this Trust Deed and for so long as the Bonds are evidenced by records confirmed by the Registrar.
- 19.5 The Trustees shall not make any payment of Coupon or principal in respect of any Series of the Bonds in an amount which is greater than the amount of coupon or principal payable in accordance with the Conditions in respect of such Series of Bonds and determined or calculated by the Trustees.
- 19.6 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 in this Deed.
- 19.7 The Trustees shall make available for inspection by Bondholders at its specified office copies of this Deed and the latest consolidated audited accounts of the Issuer.
- 19.8 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 Trustee's negligence, wilful default and misconduct.
- 19.9 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 or any other Applicable Law, shall be construed into this Deed.
- 19.10 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, and the ISA, and shall use the required degree of care and skill in the exercise of its duties.
- 19.11 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 Trustees, except such liability as may result from their negligence, wilful default and/or misconduct.
- 19.12 Notwithstanding any other provisions hereof, the Trustees shall have no liability for (a) an error of judgment made in good faith by an officer or employee of the Trustees, unless it shall be proved that the Trustees were negligent in ascertaining the pertinent facts or (b) action taken or omitted to be taken by them in good faith in accordance with the lawful direction of the Majority Bondholders.
- 19.13 It is hereby expressly agreed and declared as follows:
- 19.13.1 the Trustees 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 or by the Trustees or otherwise, and shall not be responsible for any loss occasioned by so acting provided that they have used their best efforts to ensure that such persons are competent; and any such advice, opinion or information may be obtained or sent by letter, or, electronic mail, and the Trustees shall not be liable for acting on any advice, opinion or information purporting to be so conveyed even though the

same shall contain some error or shall not be authentic;

- 19.13.2 the Issuer shall bear the fees and reasonable costs and expenses incurred by the Trustees in the appointment of any solicitor, valuer, surveyor, broker, auctioneer, accountant or any other agent, expert or professional in respect of the trust constituted by this Deed and agreed in advance in writing by the Issuer. The Issuer hereby agrees to pay to the Trustees such fees and expenses within 14 (fourteen) days on a full indemnity basis together with any VAT or similar tax payable in respect thereof in connection with the engagement of any such agent, expert or professional upon receipt of the Trustee's written request;
- 19.13.3 the Trustees shall not be bound to give notice to any person or persons of the execution of this Deed or of any acts or deeds made or done by virtue of this Deed or to see to the registration of this Deed in any registry or to any other formalities (except to the due execution by them of this Deed) in connection herewith;
- 19.13.4 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 the Bonds may be declared immediately repayable;
- 19.13.5 save as herein otherwise expressly provided, the Trustees shall, as regards all trusts, powers, authorities and discretions hereby vested in them, have absolute and uncontrolled discretion as to the exercise thereof, and in the absence of fraud, negligence, or misconduct, shall not be responsible for any loss, costs, damages, expenses or inconvenience that may result from the exercise or non-exercise thereof, and in particular, the Trustees shall not be bound to act at the request or discretion of the Bondholders under any provision of this Deed unless the Trustees shall first be indemnified to their satisfaction by the Bondholders against all costs, charges, expenses and liability which may be incurred in complying with such request or discretion;
- 19.13.6 the Trustees shall not be responsible for the monies subscribed by applicants for the Bonds or be bound to see to the application thereof;
- 19.13.7 the Trustees shall be at liberty to accept:
 - 19.13.7.1 a certificate signed by any two (2) Directors as to any fact or matter on which the Trustees may need or wish to be satisfied as sufficient evidence of such fact or matter including the certification that any properties or assets in the opinion of such people have a particular value or produce a particular income or are suitable for the Issuer's purposes as sufficient evidence that they have that value or produce a particular income or are so suitable; and
 - 19.13.7.2 the Trustees shall not be bound in such case to call for further evidence or be responsible for any loss that may be occasioned by their failing to do so or by their acting on any such certificate;
- 19.13.8 the Trustees shall not be responsible for having acted upon any resolution purporting to have been passed at any meeting of the Bondholders in respect whereof minutes have been made and signed, even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution with the effect that the resolution was not valid or binding upon the Bondholders

except where the Trustees had actual knowledge of such defect prior to taking such action;

19.13.9 the Trustees shall not be bound to declare any 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 Majority Bondholders or by an Extraordinary Resolution passed at a duly convened meeting of the Bondholders; provided that the Trustees shall in any case inform the Bondholders of the happening of any Event of Default that comes to their knowledge;

19.13.10 without prejudice to the right of indemnity by law given to the Trustees, every attorney, manager, agent or other person appointed by them hereunder (the "Indemnified Persons") shall be entitled to be indemnified by the Issuer in respect of all liabilities and expenses incurred by the Indemnified Persons in the execution of the powers and trusts hereof or of any powers, authorities or discretions vested in it or them pursuant to this Deed; provided that the Trustees, the attorney, agent or manager or other person appointed by the Trustees has not acted negligently or in default of its powers, duty and obligations, and the Trustees may retain and pay out of any monies in its hands upon the trusts of these, the amount of any such liabilities and expenses and also the remuneration of the Trustees as hereinbefore provided; and

19.13.11 the Trustees shall not be liable for any thing save only a breach of trust committed by it, PROVIDED NEVERTHELESS that nothing contained in this Clause 19 shall exempt the Trustees from or indemnify them against any liability for negligence, wilful misconduct or 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 them powers, authorities or discretions.

19.14 Power to Delegate or Appoint Agents

19.14.1 The Trustees may in the conduct of the trust business, instead of acting personally, employ and pay an agent (whether a solicitor or other professional person), to transact or conduct or concur in doing all acts required to be done by the Trustees, including the receipt and payment of money, in connection with the trusts hereof. PROVIDED however that where the Trustees intends to delegate all their powers to an agent, the Trustees shall (i) seek the prior written consent of the Issuer (such consent not to be unreasonably withheld), which shall be communicated to the Trustees within three (3) Business Days of receiving the Trustees' request; and (ii) notify the Commission of such an intended delegation.

19.14.2 It is hereby agreed that, for the purpose of liability, where the Trustees appoint and have delegated their trust powers and functions to agent(s), the Trustees will be liable for the acts and omissions of such agent(s).

19.15 Dealings with the Issuer and its Securities

19.15.1 Subject to the provisions of the ISA, and Section 188 of CAMA, anybody corporate which is for the time being a trustee hereof shall be at liberty in the ordinary course of its business, and every director, other officer or servant of any such body corporate shall be at liberty, to enter into contracts with or hold any office of profit under the Issuer or any Affiliate of the Issuer and to hold, purchase, sell, underwrite or otherwise deal with any of the Bonds or any other securities and other obligations of the Issuer

STATUTORY AND GENERAL INFORMATION

or of any such Affiliate and to act as trustee of any other securities or obligations of the Issuer or of any such Affiliate without being accountable for any receipt, profits, interest charges, commissions, fees or other remuneration arising therefrom

19.15.2 Without prejudice to the generality of sub-clause 19.15.1 it is expressly declared that such contracts, transactions or arrangement may include:

19.15.2.1 any contract for the purchase by or leasing to the Trustees of the whole or any part of the property of the Issuer or of any property or assets formerly included in such property of the Issuer; or any contract for the sale or leasing by the Trustees of any property or assets on the basis that such property or assets will become part of the property of the Issuer or will be paid for out of capital money or exchanged for all or part of the property of the Issuer or otherwise; or any other dealing with or in relation to property or assets subject to the trusts of this Deed whether similar to those contracts or not;

19.15.2.2 any contract, transaction or arrangement for or in relation to the placing, underwriting, purchasing, subscribing for or dealing with or lending money upon the Bonds or any other bond, shares, debenture bond, debentures or other securities of the Issuer or any Subsidiary or any contracts of insurance with the Issuer or any Subsidiary or any contract of insurance with the Issuer; and

19.15.2.3 the Trustees acting as trustee of any other securities or obligations of the Issuer, or its Subsidiary.

19.15.3 The Trustees shall not be accountable to the Issuer, or any Subsidiary or to the Bondholders for any profits or benefits resulting or arising from any contract, transaction or arrangement as is mentioned in this clause and the Trustees shall also be at liberty to retain for their own benefit and shall be in no way accountable to the Issuer, or any Subsidiary or to the Bondholders for any benefits or profits or any fees, commissions discount or share of brokerage allowed to them by bankers, brokers or other parties in relation to or otherwise arising out of any contract, transaction or arrangement (including any dealing with the Bonds or the property of the Issuer) permitted by or effected under, or in connection with, this Deed.

19.16 Authorisation of the Trustees

Each of the Bondholders hereby authorises the Trustees (whether or not by or through employees or agents):

19.16.1 to exercise such rights, remedies, powers and discretions as are specifically delegated to or conferred upon the Trustees by this Deed together with such powers and discretions as are reasonably incidental thereto; and

19.16.2 to take such action on its behalf as may from time to time be authorised under or in accordance with this Deed.

19.17 Trustees' Authority to Execute Documents

19.17.1 Each of the Bondholders hereby authorises the Trustees to enter into and execute any further document(s) which is required to be executed with respect to the Bond.

19.17.2 In each and every case, the Trustees agree to hold the rights and benefits thereby created for the benefit of the Bondholders in the manner contemplated by this Deed.

19.18 Covenant of Compliance

The Trustees hereby covenant with the Issuer that they shall comply with and perform all provisions of this Deed which are binding on them.

20 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 of this Deed conferring on them any trusts, powers, authorities or discretions, exempt the Trustees from or indemnify them against any liability for negligence, wilful default, misconduct, breach of duty or breach of trust in relation to their duties under this Trust Deed.

21 RELIANCE ON CERTIFICATES

The Trustees may accept a certificate from the Issuer that the entire Bond has been redeemed or relating to any matter primarily within the knowledge of the Issuer as sufficient evidence thereof and any such certificate shall be a complete protection to the Trustees who act thereon.

22 APPOINTMENT OF REGISTRAR

The Registrar shall be appointed by the Issuer but shall be responsible to the Trustees.

23 THE BOND REGISTER

23.1 The Issuer shall at all times keep, at the office of the Registrar in Lagos for the time being or at such other place in Nigeria as the Trustees may approve, an accurate Bond Register showing the amount of the Bond for the time being issued and fully paid and the date of registration and all subsequent transfers or changes of ownership thereof and the name and address and any other description of each of the Bondholders and any person deriving title under him/it, such information to be obtained by the Registrar.

23.2 The Trustees and the Bondholders or any of them and any persons authorised in writing by any of them shall be at liberty to inspect the said Bond Register and to take copies of and extracts from the same or any part thereof between the hours of 8.00am and 4.00pm on a Business Day. The said Register may be closed at such times and for such periods as the Registrar may from time to time determine provided that it shall not be closed for more than thirty (30) days in any year.

23.3 The Registrar shall maintain and update the Bond Register until such time that all outstanding Bonds have been fully redeemed and the Issuer's liability has been discharged. The Registrar shall provide details of the Bond Register to the Trustees on a quarterly basis during the period in which the Bonds are outstanding.

23.4 Only those Bondholders whose names appear on the Bond Register at the relevant record date for any payment shall be entitled to receive any payments of principal, and coupon or premium due on the Bonds.

24 PURCHASE OF BOND BY THE ISSUER

The Issuer may at any time and from time to time purchase any part of the Bonds through the market or by tender (available to all Bondholders alike) but not otherwise. Any Bond so purchased will be cancelled and will not be available for re-issue.

25 APPOINTMENT, REMUNERATION AND REMOVAL OF TRUSTEE(S)

- 25.1 Subject to the notification and approval of the Commission, the power to appoint a new trustee hereof shall, for so long as any of the Bonds is outstanding, be vested in the Issuer but no person shall be appointed who shall not previously have been approved by an Extraordinary Resolution of the Bondholders for the time being which Bondholders shall in addition have power at any time by an Extraordinary Resolution to remove from office any trustee appointed pursuant to this Deed. Provided that the Bondholders can only move to remove such an appointed trustee when the trustee is in breach of its representations and warranties in Clause 10.2 of this deed, as well as in the case of negligence, wilful default, breach of duty or breach of trust in relation to its duties as provided in Clause 19 of this Trust Deed and where the removal of the trustee would result in there being no trustee for the Bonds, such removal shall not be effective until the Issuer has appointed a new trustee (and such appointment has been approved by an Extraordinary Resolution of the Bondholders). Such successor trustee(s) shall be a reputable, duly registered and experienced trustee, have accepted such appointment, and shall have delivered to the Issuer the duly executed Accession Instrument in or substantially in the form in the Third Schedule to this Deed.
- 25.2 The Issuer shall during the continuance of this trust and until the trusts hereof shall be finally wound up and whether or not the trusts of this Deed be in the course of administration by or under the direction of any court, pay to the Trustees for their services hereunder, the Trustee' Fees in accordance with this Deed or any other agreed terms between the Issuer and the Trustees, subject to such upward review as the Parties may agree in writing from time to time.
- 25.3 The Issuer shall pay the Trustees the sign-on/participation fee and the annual fees in the amount and manner agreed to by the Parties in the Trustees engagement letter.
- 25.4 The Issuer shall in addition pay to the Trustees an amount equal to the amount of any Value Added Tax, or any similar tax chargeable in respect of their remuneration under this Deed.
- 25.5 The Trustees may retain and pay to themselves out of any monies held by them upon the trusts of this Deed, all sums owing to them in respect of agreed remuneration costs, charges, expenses or interest or by virtue of any indemnity from the Issuer to which they are entitled hereunder or by law and all such sums as aforesaid shall rank in priority to the claims of the Bondholders. The Trustees shall not incur cumulative expenses in excess of One Million Naira (N1,000,000.00) per annum without the prior written approval of the Issuer. Provided that the prior approval of the Issuer shall not be required in relation to expenses which are incurred in connection with Events of Default or Potential Events of Default.
- 25.6 The Issuer shall also pay all costs, fees, charges and expenses incurred by the Trustees in the exercise of the powers, authorities and discretions vested in them under this Deed.

26 RETIREMENT/RESIGNATION OF THE TRUSTEE(S)

STATUTORY AND GENERAL INFORMATION

- 26.1 The Trustee(s) hereof may retire/resign at any time without being responsible for any costs occasioned by such retirement/resignation, provided that:
- 26.1.1 such Trustee shall have given 3 (three) months' notice in writing to the Issuer and the Bondholders; and
- 26.1.2 no such retirement shall take effect (where the retirement/resignation of such Trustee would result in there being no Trustee for the Bonds) until the Issuer has appointed a new Trustee (and such appointment has been approved by an Extraordinary Resolution of the Bondholders). Such successor Trustee(s) shall be a reputable, duly registered and experienced trustee, duly registered with the Commission, and shall have accepted such appointment, and shall have delivered to the Issuer the duly executed Accession Instrument in or substantially in the form in the Third Schedule to this Deed.

27 INDEMNITY RELATING TO APPLICATIONS TO THE COURT

The Issuer shall indemnify the Trustees in so far as may be lawful in respect of all costs and expenses incurred by the Trustees in relation to or arising out of any application made to any court (either in Nigeria or any other country whereby any assets of the Issuer are situated) by the Trustees or any of the Bondholders for an order that the Trust of this Deed may be carried out under the direction of the court or for an order of declaration relating to the administration of the Trust of this Deed or the enforcement of the rights under this Deed or the construction of this Deed.

28 POWER TO RECOUP MONEY OWED TO THE TRUSTEES

Without prejudice to the right of indemnity by law given to Trustees, the Trustees, attorney, agent or other person appointed by the Trustees under the provisions of this Deed shall be entitled to be indemnified out of the property or assets of the Issuer in respect of:

- 28.1 all liabilities, costs, charges and expenses incurred by them in relation to this Deed or to the preparation and execution or purported execution of this Deed,
- 28.2 the carrying out of the trusts of this Deed,
- 28.3 the exercise of any trusts, powers or discretion vested in them pursuant to this Deed, and
- 28.4 all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted relating to this Deed;

in priority to any payments to the Bondholders, the Trustees may retain and pay out of any money in their hands arising from the trusts of this Deed, all sums necessary to effect such indemnity and also the remuneration of the Trustees as provided in this Deed.

29 MODIFICATION OF TERMS OF THE DEED

- 29.1 Subject to the approval of the Commission, in addition and without prejudice to the powers of the Bondholders exercisable by Extraordinary Resolution, the Trustees may at any time without the sanction of an Extraordinary Resolution concur with the Issuer in making any modification to this Deed as may be agreed between the Issuer and the Trustees where the Trustees are of the opinion that such modification will not be materially prejudicial to the interests of the Bondholders or that the modification is intended to correct a manifest error or omission or that in

STATUTORY AND GENERAL INFORMATION

its opinion, the modification is of a formal, minor or technical nature or in compliance with the provision(s) of an Applicable Law. Any such modification shall be binding on the Bondholders and any such modification shall be notified by the Trustees to the Bondholders as soon as practicable.

29.2 The Issuer will not, without the prior written consent of the Trustees or an Extraordinary Resolution of the Bondholders, agree to any amendments to or any modification of, or waiver of the terms of any outstanding Bonds and will act at all times in accordance with any instructions of the Trustees from time to time with respect to any outstanding Bonds. Any such amendment, modification, waiver or authorisation made with the consent of the Trustees shall be binding on the Bondholders and, unless the Trustees agree otherwise, any such amendment or modification shall be notified by the Issuer to the Bondholders in accordance with Condition 20 (*Notices*) contained in the First Schedule.

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

30 WAIVER OF DEFENCES

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

30.1 any time, indulgence or waiver granted to or composition with the Issuer or any other person;

30.2 the taking, variation, compromise, renewal or release of, or refusal or neglect to perfect, take up or enforce any rights, remedies or securities against the Issuer or any other person or any non-presentment or non-observance of any formality or other requirement in respect of any instruments; or

30.3 any legal limitation, disability, incapacity or other circumstances relating to the Issuer or any other person.

31 INCORPORATION OF SCHEDULES

The provisions contained in the schedules hereto shall have full effect in the same manner as if such provisions were herein set forth. The powers hereby conferred upon the Trustees shall be in addition to any powers which may from time to time be vested in them by Applicable Law or by the Bondholders.

32 NOTICE OF BREACH TO THE COMMISSION

The Trustees shall inform the Commission whenever it becomes necessary to enforce the terms of this Trust Deed and whenever there is a breach of the terms and conditions of the Trust Deed not later than 10 (ten) Business Days after the breach.

33 COMPLIANCE WITH THE ISA

The Trustees in exercise of the powers and discretions vested in them pursuant to this Deed shall comply with the provisions of the ISA.

SECOND SCHEDULE
PROVISIONS FOR MEETINGS OF BONDHOLDERS

For the avoidance of doubt, all references to "nominal amount" in this Second Schedule shall be read to mean "Principal Amount Outstanding" in the case of Bonds that are redeemable on an amortising basis.

1. Who may Convene Meetings?

Either of the Issuer or the Trustees may at any time at its discretion and the Trustees shall on the requisition in writing of the Bondholders holding not less than one-quarter (1/4) of the nominal amount of the Bonds, or in the case of a matter affecting the interests of any Series, not less than one-quarter (1/4) of the nominal amount of the Bonds under that Series, for the time being outstanding, and upon being indemnified to its satisfaction against all reasonable costs and expenses to be thereby incurred, convene a meeting or meetings of the Bondholders, or the Bondholders of that Series, in accordance with the provisions of this Schedule to discuss and determine any matter affecting their interests. Any such meeting shall be held at such place as the Trustees shall determine or approve in writing.

2. Notice of Meetings

2.1 A meeting of the Bondholders may be called by giving not less than 28 (twenty-eight) days' notice in writing. In addition to the provision of clause 3 below, the Trustees may publish such notices in two (2) national daily newspapers.

2.2 A meeting may be called after giving shorter notice than that specified in paragraph 2.1 if consent is accorded thereto by Bondholders holding not less than 60% (sixty per cent) of the nominal amount of the Bonds, or if it is a matter affecting the interests of any Series, not less than 60% (sixty per cent) of the nominal amount of the Bonds issued under that Series, for the time being outstanding.

3. Content and Manner of Service of Notice

3.1 Every notice of a meeting shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted and the terms of every Extraordinary Resolution to be proposed thereat or state fully the effect on the Bondholders of such resolution, if passed. Provided that there shall be annexed to every notice convening a meeting of the Bondholders, a statement setting out the material facts concerning each item of business and where any item of business consists of granting approval to any document by the meeting the time and place where the documents can be inspected shall be specified in the statement aforesaid.

3.2 Notice of every meeting shall be given to:

3.2.1 every Bondholder in the manner specified for the service of notices in Condition 20 of the Bond;

3.2.2 the person entitled to a Bond in consequence of the death, bankruptcy, insolvency, winding-up or dissolution of a Bondholder addressed by name or by the title of the representative of the deceased or assignee of the insolvent or by any like description to the address (if any) supplied for the purpose by the person claiming to be so entitled, or until such an address has been so supplied by giving the notice in any manner in which it might have been given if the death, insolvency, winding-up or dissolution had not occurred;

3.2.3 the Registrar;

STATUTORY AND GENERAL INFORMATION

3.2.4 the Issuer when the meeting is convened by the Trustees or to the Trustees when the meeting is convened by the Issuer; and

3.2.5 the Commission and the Relevant Exchange.

3.3 The accidental omission to give notice to or the non-receipt of notice by any Bondholder or other person to whom it should be given or an error or omission in a notice with respect to the place, date, time or general nature of the business of a meeting shall not invalidate the proceedings of the meeting, unless the officer responsible for the error or omission acted in bad faith or failed to exercise due care and diligence, provided that in the case of accidental error or omission, the officer responsible shall effect the necessary correction before or during the meeting.

4. **Quorum for Meeting**

4.1 No business shall be transacted at any meeting unless the requisite quorum has been met and:

4.1.1 the Trustees are present when the meeting proceeds to business; or

4.1.2 in the case of a meeting convened by the Issuer, the Issuer and the Trustees are present when the meeting proceeds to business.

4.2 Any two (2) or more persons present or represented by proxy and holding at least 3/5 (three-fifth) of the nominal amount of the Bonds, or if it is a matter affecting the coupon of any series, the Bonds issued under the Series, for the time being outstanding shall be a quorum for the meeting of the Bondholders.

4.3 Where the business of the meeting includes the consideration of an Extra Ordinary Resolution, the necessary quorum shall be two (2) or more persons present or represented by proxy and holding in aggregate more than 3/4 (three-fourth) of the nominal amount of the Bonds for the time being outstanding.

4.4 Where a meeting (whether a meeting to consider an Ordinary resolution or an Extra Ordinary resolution) is adjourned for lack of quorum, two or more persons present or represented by proxy and holding in aggregate not less than 3/5 (three-fifth) of the nominal amount of the Bonds for the time being outstanding, shall remain the quorum for such a reconvened meeting.

4.5 If within half an hour from the time appointed for holding the meeting a quorum is not present, the meeting, if called upon by the requisition of Bondholders, shall stand dissolved. In any other case, the meeting shall stand adjourned to such day and time not being less than 7 (seven) days thereafter and to such place as the Chairman may determine.

4.6 At least 7 (seven) days' notice of any adjourned meeting shall be given in the same manner as for an original meeting, but it shall not be necessary to specify in such notice the business to be transacted at the adjourned meeting as the business of such an adjourned meeting will be same as the original meeting.

5. **Chairman of Meeting**

5.1 Such person nominated by the Trustees in writing shall be entitled to act as the chairman at every meeting and if no such nomination is made or if at any meeting the person nominated shall not be present within 15 (fifteen) minutes after the time appointed for holding the meeting, the Trustees may appoint a Bondholder present at the meeting to act as chairman for that meeting.

6. **Persons Entitled to Attend Meeting**

The Trustees, their lawyers and financial advisers and any director or officer of the Issuer and any other person authorised in that behalf by the Trustees may attend and speak at any meeting but shall not be entitled to vote thereat.

7. Evidence of Passing of Resolution

At any meeting a resolution or any question put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded in the manner hereinafter mentioned, and unless a poll is so demanded a declaration by the Chairman that on a show of hands the resolution has been carried either unanimously or by a particular majority or lost or not carried either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the meeting, shall be conclusive evidence of that fact without proof of the number or proportion of the votes cast in favour of, or against such resolution.

8. Demand for Poll

8.1 Before or on the declaration of the result of the voting on any point or question on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting on his own motion, and shall be ordered to be taken by him on demand made in that behalf by the Trustees or at least five (5) Bondholders having the right to vote on the resolution and present in person or by proxy or by the holders of not less than one-quarter ($\frac{1}{4}$) in nominal amount of the Bondholders for the time being outstanding having the right to vote on the resolution and present in person.

8.2 The demand for a poll may be withdrawn at any time by any person or persons who made the demand.

9. Time of Taking Poll

9.1 A poll demanded on a question of adjournment shall be taken forthwith.

9.2 A poll demanded on any other question (not being a question relating to the election of a Chairman as provided for in Provision 5 hereof) shall be taken at once but where this is not practicable in such manner and at such time not being later than thirty (30) days from the time when the demand was made as the Chairman may direct.

9.3 The demand for a poll shall not prevent the continuance of the meeting from the transaction of any business other than the resolution or question on which the poll has been demanded.

10. Votes

On a show of hands every Bondholder who (being an individual) is present in person or by proxy or (being a body corporate) is present by its duly authorised representative shall have one vote, and on a poll every Bondholder who is present in Person or by proxy shall have 1 (one) vote in respect of every Bond of which he is the holder. In the case of joint Bond holders, the vote of the one named first in the Register who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of other joint holders.

11. Representatives of Corporate Bodies

Any corporate body which is a Bondholder may by writing under the hand of a duly authorised officer authorise such person as it thinks fit to act as its representative at any meeting of the Bondholders and the person so authorised shall be entitled to exercise the same powers on behalf of the body corporate which he represents as that body corporate could exercise if it were an individual Bondholder.

12. Proxies

- 12.1 The registered holder of the Bond or in case of joint holders the one named first in the Register shall be entitled to vote in respect thereof either in person or by proxy and in the latter case as if such joint holder was solely entitled to such Bond. A registered holder of the Bond shall be entitled to appoint another person (whether a Bondholder or not) as his proxy to attend and vote instead of himself.
- 12.2 In every notice calling a meeting of the Bondholder there shall appear with reasonable prominence a statement that a Bondholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a Bondholder.
- 12.3 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarized copy of the power of authority, shall be deposited at such place as may be specified in the notice convening the meeting or if no place is so specified then at the office of the Registrar for the time being, not less than 48 (forty-eight) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or in the case of a poll not less than 24 (twenty-four) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.
- 12.4 The instrument appointing a proxy shall be:
- 12.1.1 an instrument in writing in English language and in usual common form or such other form as the Trustees may approve; and
 - 12.1.2 signed by the Bondholder so appointing or his attorney duly authorised in writing or if the Bondholder so appointing is a body corporate be under its seal or be signed by an officer or any attorney duly authorised by it.
- 12.5 No instrument appointing a proxy shall be valid after the expiration of 12 (twelve) months from the date named in it as the date of execution. An instrument appointing a proxy shall be deemed to confer authority to demand or to join in a demand for a poll.
- 12.6 Every Bondholder entitled to vote at a meeting of Bondholders or on any resolution to be moved there shall be entitled during the period beginning 24 (twenty-four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting to inspect by himself or through a duly authorised person the proxies lodged at any time during the business hours of the Registrar, provided that not less than 3 (three) days' notice in writing of the intention so to inspect is given to the Registrar.
- 12.7 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Registrar at its registered office before the commencement of the meeting or adjourned meeting at which the proxy is used.

13. Entitlement of Bondholder to Vote Differently

On a poll taken at a meeting of Bondholders, a Bondholder entitled to more than 1 (one) vote, or his proxy or other person entitled to vote for him as the case may be need not, if he votes, use all his votes or cast all his votes in the same way.

14. Scrutineers at Poll

- 14.1 Where a poll is to be taken, the Chairman of the meeting may appoint 2 (two) scrutineers to scrutinize the votes given on the poll and to report thereon to him.

14.2 The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and to fill vacancies in the office of scrutineer arising from such removal or for any other cause.

14.3 Of the 2 (two) Scrutineers appointed under this clause one shall always be a Bondholder (not being an officer or employee of the Issuer) present at the meeting, provided that such a Bondholder is available and willing to be appointed.

15. Manner of Poll and Result Thereof

The Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.

16. Power to Adjourn Meeting

The Chairman of a meeting of the Bondholders may in case of a development requiring an adjournment, with the consent of (and shall if directed by) any such meeting at which a quorum is present, adjourn the same from time to time and from place to place, provided that no business shall be transacted at any such adjourned meeting other than business which might lawfully have been transacted at the meeting from which the adjournment took place.

17. Casting Vote

In the case of equality of votes, whether on a show of hands or a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote in addition to the votes to which he may be entitled as or on behalf of a Bondholder.

18. Chairman to be Sole Judge

The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting, and the Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

19. Meaning of Ordinary and Extraordinary Resolution

19.1 Extraordinary Resolution means:

A resolution shall be deemed to be an Extraordinary Resolution if the same shall be passed by a majority consisting of not less than 3/4th (three-fourths) of the persons present and voting thereat upon a show of hands, or if a poll is demanded, by Bondholders holding not less than 3/4th (three-fourths) in value of the Bonds held by the Bondholders present or represented by proxies at the meeting.

19.2 Ordinary Resolution means:

19.2.1 a resolution passed at a meeting duly convened and held in accordance with this second schedule by a majority consisting of not less than a simple majority of the persons present or represented by proxies at the meeting and voting thereat upon a show of hands;

19.2.2 Where a poll is duly demanded in a meeting, the result of the poll shall be deemed to be an Ordinary resolution if it has been passed by a majority consisting of not less than a simple majority in value of the total votes given on such poll;

19.2.3 a resolution in writing signed by or on behalf of the bondholders of more than 50% (fifty per cent) of the Principal Amount Outstanding which resolution may be

contained in one document or in several documents in like form each signed by the Bondholders holding more than 50% (fifty per cent) of the bond amount.

20. Power of General Meeting

A meeting of the Bondholders shall *inter alia* have the following powers exercisable by Extraordinary Resolution:

- (a) to sanction the release of the Issuer from all or any part of the principal monies and any other sums owing upon the Bond;
- (b) to sanction any modification or compromise or any agreements in respect of the rights of the Bondholders against the Issuer whether such rights shall arise under this Deed or otherwise;
- (c) to assent to any modification of the provisions contained in the Trust Deed proposed or agreed by the Issuer;
- (d) to authorise and empower the Trustees to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution; or
- (e) to give any release to the Trustees in respect of anything done or omitted to be done by the Trustees hereunder before the giving of the release.

21. Resolution Binding

A resolution passed at a meeting of the Bondholders duly convened and held in accordance with this Deed shall be binding upon all the Bondholders whether present or not present at such meeting and whether or not voting, and each of the Bondholders shall be bound to give effect thereto accordingly, and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof, the intention being that it shall rest with the meeting to determine without appeal whether or not the circumstances justify the passing of such resolution. Notice of the result of any resolution duly considered by the Bondholders shall be published by the Trustees (with the approval of the Issuer) within 14 (fourteen) days of such result being known, in a manner to be determined by the Trustees, provided that the non-publication of such notice shall not invalidate such result.

22. Minutes

Minutes of all resolutions and proceedings at such meeting as aforesaid shall be made and duly entered in the books to be provided from time to time for that purpose by the Trustees at the expense of the Issuer, and every such minutes as aforesaid if purporting to be signed by the Chairman of the meeting at which such resolutions were passed or proceedings had or by the Chairman of the next succeeding meeting of the Bondholders shall be conclusive evidence of the matters therein contained, and until the contrary is proved every such meeting in respect of the proceedings in which minutes have been signed as aforesaid shall be deemed to have been duly held and convened, and all resolutions passed thereat or proceedings taken to have been duly passed and taken.

23. Resolution in Writing

A resolution in writing duly signed by the holders of all the Bonds for the time being outstanding, shall be as effective for all purposes as an Extraordinary Resolution duly passed at a meeting of the Bondholders. Such resolution in writing may be contained in one document or in several documents of like form duly signed by or on behalf of all of the Bondholders.

STATUTORY AND GENERAL INFORMATION

G. Associated Companies and Subsidiaries of the Sponsor

As at the date of this Shelf Prospectus, Coronation Merchant Bank Limited had no associated company. The Bank has the following subsidiaries companies:

S/N	Names	Classification	% Holding
1.	Coronation Asset Management	Subsidiary	100%
2.	Coronation Securities Limited	Subsidiary	100%

H. Claims and Litigation

As at 3 September 2018, the total amount claimed in all the cases instituted against the Sponsor was ₦2,125,547,945.21 (Two Billion, One Hundred and Twenty-Five Million, Five Hundred and Forty-Seven Thousand, Nine Hundred and Forty-Five Naira and Twenty-One Kobo). While the Sponsor was a judgment creditor in the sum of ₦592,979,916.67 (Five Hundred and Ninety-Two Million, Nine Hundred and Seventy-Nine Thousand, Nine Hundred and Sixteen Naira and Sixty-Seven Kobo in one of the cases.

Based on a review of the cases, Aluko and Oyebode, the Solicitors to the Issue, are of the opinion that the suits would not adversely affect the Sponsor or the Transaction.

I. Purpose of Issue and Use of Proceeds

The proceeds of the bonds to be issued under the Programme will be used to purchase Notes issued by Coronation Merchant Bank Limited pursuant to the Master Notes Purchase Agreement.

J. Costs and Expenses

The costs, charges and expenses of and incidental to the Issue including fees payable to SEC, NSE and FMDQ, Professional Parties, brokerage, and printing and distribution expenses are payable by the Issuer and will be deducted from the gross issue proceeds.

K. Material Contracts

The following contracts have been entered into and may be considered material to this Programme:

- A Programme Trust Deed dated on or about the date of this Shelf Prospectus between the Issuer, the Sponsor and the Joint Trustees in connection with the Programme;
- A Master Notes Purchase Agreement dated on or about the date of this Shelf Prospectus between the Sponsor, the Issuer, the Joint Trustees and the Share Trustee;
- A Share Trust Deed, dated on or about the date of this Shelf Prospectus, between the Issuer and the Share Trustee; and
- A Deed of Undertaking, dated on or about the date of this Shelf Prospectus between the Sponsor, the Issuer and the Share Trustee.

Other than as stated above, the Bank, as at the date of this Shelf Prospectus, did not have any subsisting material contract (in the context of this Bond Issuance Programme) other than those entered into in the ordinary course of business.

L. Mergers or Takeovers

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

M. Relationship Between the Sponsor, the Issuing Houses and Other Advisers

STATUTORY AND GENERAL INFORMATION

The Sponsor under its registered Issuing House license is acting as a Joint Issuing House to the Bond Programme, Coronation Securities Limited (Stockbroker to the Issue) is a subsidiary of the Sponsor, while, Coronation Trustees Limited (Joint Trustee) is a related company to the Sponsor.

Save as disclosed above, there is no relationship between the Bank and its advisers as at the date of this Shelf Prospectus.

N. Related-Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures of the Bank as well as key management personnel.

S/N	Related Parties	Nature of Transaction	Relationship	Amount (₦)
1.	Coronation Securities Limited	Rent payable	Subsidiary	6,767,000
2.	Coronation Securities Limited	Service fee payable	Subsidiary	4,321,000
3.	Coronation Asset Management Limited	Intercompany payable	Subsidiary	1,993,000
4.	Coronation Capital Limited	Consultancy and advisory fee	Shareholder	349,004,000
5.	Wapic Insurance Plc	Insurance premium	Shareholder	80,955,000
	Total			443,040,000

O. Off Balance Sheet Items

As at 31 December 2017, the Bank had ₦31,503,820,000 off balance sheet items in the ordinary course of business.

P. Declarations

Except as otherwise disclosed in this Shelf Prospectus:

- (a) No share of the Bank is under option or agreed conditionally or unconditionally to be put under option;
- (b) No commissions, brokerages or other special terms have been granted by the Bank to any person in connection with the Bond Issuance Programme or sale of any securities of the Bank;
- (c) Save as disclosed herein, the directors of the Bank have not been informed of any holding representing 5% or more of the issued share capital of the Bank;
- (d) There are no founders' or management or deferred shares or any options outstanding in the Bank;
- (e) There are no material service agreements between the Bank 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 Bank or any of its Directors and employees' other than in the ordinary course of business;
- (g) No Director of the Bank has had any interest, direct or indirect, in any property purchased or proposed to be purchased by the Bank in the five years prior to the date of this Shelf Prospectus;
- (h) No prosecution has commenced against the Bank or any of its subsidiaries in respect of any breach of any securities or banking laws or CAMA;
- (i) No action has been taken against the Bank by the FMDQ or the NSE in respect of any breach of the listing requirements of the Exchange; and
- (j) No shareholder, Director or key management personnel has been involved in any of the following (in or outside Nigeria) to the best of the Director's knowledge as at December 31, 2017:

STATUTORY AND GENERAL INFORMATION

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

Q. 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 Issuer	Ibikunle Oriola Folashade Adelaye Michael Abiodun Thomas
Company Secretary of the Issuer	Mrs. Cornelia I. Utuk
Directors of the Sponsor	Mr. Babatunde Folawiyo Mr. Abubakar A. Jimoh Mr. Banjo Adegbohunge Mrs. Onome Komolafe Mr. Larry Ettah Mr. Babatunde Dabiri Mrs. Suzanne Iroche Ms. Evelyn Oputu Mr. Adamu Atta Mr. Idaere Gogo Ogan Mrs. Olubunmi Fayokun
Company Secretary of the Sponsor	Mrs. Cornelia I. Utuk
Issuing Houses	FBNQuest Merchant Bank Limited Chapel Denham Advisory Partners Limited Coronation Merchant Bank Limited United Capital Plc
Share Trustees	ARM Trustees Limited
Trustees	Coronation Trustees Limited Custodian Trustees Limited DLM Trust Company UTL Trust & Management Services Limited
Solicitors to the Issue	Aluko & Oyebode
Stockbrokers to the Issue	Afrinvest Securities Limited Coronation Securities Limited Union Capital Markets Limited Vetiva Securities Limited
Reporting Accountants	Ernst & Young
Rating Agencies	Agusto & Co. Limited DataPro Limited
Registrar	United Securities Limited
Receiving Bank	Access Bank Plc

STATUTORY AND GENERAL INFORMATION

R. Documents Available for Inspection

Copies of the following documents may be inspected at the Issuing Houses' offices as listed on page 13 from 8.00am to 5.00pm (West African Time) on any Business Day throughout the validity of the Programme:

- (a) The Certificate of Incorporation of the Issuer and the Sponsor duly certified by the CAC;
- (b) The Memorandum and Articles of Association of the Issuer and the Sponsor duly certified by the CAC;
- (c) The Shelf Prospectus issued in respect of the Issue;
- (d) The Supplementary Shelf Prospectus, if any;
- (e) The audited consolidated financial statements of the Sponsor for each of the years ended 31 December 2015, 31 December 2016 and 31 December 2017;
- (f) Reporting Accountants' Report on the audited accounts of the Sponsor for the three (3) years ended 31 December 2017;
- (g) The list of outstanding claims and litigation of the Sponsor together with the Opinion of the Solicitors to the Issue prepared therewith;
- (h) The material contracts referred to on page 122;
- (i) Sponsor's ratings reports issued by Agosto & Co. Limited and Global Credit Rating Co Limited referred to on page 63;
- (j) Bond ratings reports issued by Agosto & Co. Limited and DataPro Limited;
- (k) The written consents of parties referred to on pages 14 to 16;
- (l) The Board Resolution of the Sponsor dated 6 November 2017 authorizing the Programme;
- (m) The Issuer's Board Resolution dated 14 September 2018 authorizing the Programme;
- (n) The CBN's "No Objection" to the Programme;
- (o) Letter from the SEC confirming registration of the Prospectus; and
- (p) Letter of approval from the FMDQ and/or the NSE.

FORM OF PRICING SUPPLEMENT

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

PRICING SUPPLEMENT

This document is important and you are advised to carefully read and understand its contents. If you are in any doubt about its contents or the action to take, kindly consult your Stockbroker, Accountant, Banker, Solicitor or any other professional adviser for guidance immediately. **THIS PROSPECTUS AND THE SECURITIES, WHICH IT OFFERS HAVE BEEN REGISTERED BY THE SECURITIES AND EXCHANGE COMMISSION. THE INVESTMENTS AND SECURITIES ACT (ISA) NO 29 OF 2007, PROVIDES FOR CIVIL AND CRIMINAL LIABILITIES FOR THE ISSUE OF A PROSPECTUS WHICH CONTAINS FALSE OR MISLEADING INFORMATION. THE REGISTRATION OF THIS PROSPECTUS AND THE SECURITIES WHICH IT OFFERS DOES NOT RELIEVE THE PARTIES OF ANY LIABILITY ARISING UNDER THE ACT FOR FALSE OR MISLEADING STATEMENTS OR FOR ANY OMISSION OF A MATERIAL FACT IN THIS PROSPECTUS. INVESTORS ARE ADVISED TO NOTE THAT LIABILITY FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE PROSPECTUS IS PROVIDED IN SECTIONS 85 AND 86 OF THE ISA. INVESTING IN THIS OFFER INVOLVES RISKS. FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS PLEASE REFER TO THE SECTION ON "RISK FACTORS" COMMENCING ON PAGES 91 - 94 OF THE SHELF PROSPECTUS.**

INVESTMENT IN THE BONDS IS STRICTLY FOR QUALIFIED INSTITUTIONAL INVESTORS AND HIGH NETWORTH INDIVIDUALS AS DEFINED UNDER RULE 321 OF THE RULES AND REGULATIONS OF THE SECURITIES & EXCHANGE COMMISSION.



CORONATION

MB Funding SPV Plc

RC: 1524786

(INCORPORATED WITH LIMITED LIABILITY IN THE FEDERAL REPUBLIC OF NIGERIA)

**₦20billion [●]% Series 1 Fixed Rate Bonds Due [2025]
UNDER THE ₦100,000,000,000 BOND ISSUANCE PROGRAMME**

Issue Price: ₦1,000

Payable in full on Application

Application List Opens: [●]

Application List Closes: [●]

This Pricing Supplement is prepared for the purpose of Rule 279(3) of the Rules and Regulation of the Securities & Exchange Commission (the "Commission" or SEC) in connection with the ₦100,000,000,000.00 Bond Issuance Programme established by Coronation MB Funding SPV Plc (the "Issuer"). This Pricing Supplement is supplemental to, and should be read in conjunction with, the Shelf Prospectus dated January 23, 2019 and any other supplements to the Shelf Prospectus to be issued by the Issuer. Terms defined in the Shelf Prospectus have the same meaning when used in this Pricing Supplement.

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

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

This Pricing Supplement contains particulars in compliance with the requirements of the Commission for the purpose of giving information with regard to the Securities being issued hereunder (the "Series 1 Bonds" or "Bonds"). Application has been made to the FMDQ/Governing Council of The NSE for the admission of the Bonds to the Daily Official List of the Exchange. The Bonds now being issued will upon admission to the Daily Official List qualify as a security in which Trustee may invest under the Trustee Investments Act (Cap T22) Laws of the Federation of Nigeria, 2004.

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

INVESTMENT IN THE BONDS IS STRICTLY FOR ELIGIBLE INSTITUTIONAL INVESTORS AND HIGH NETWORTH INDIVIDUALS AS DEFINED UNDER RULE 321 OF THE RULES AND REGULATIONS OF THE SECURITIES & EXCHANGE COMMISSION.

This Pricing Supplement and the Debt Securities that it offers have been approved and registered by the Securities & Exchange

FINAL TERMS OF THE SERIES [●] BONDS		
1.	Issuer	Coronation MB Funding SPV Plc
2.	Description of the Bonds:	[●]
3.	Series Number:	[●]
4.	Aggregate Principal Amount of Bonds:	[●]
5.	Issue Price:	[●]
6.	Denomination(s):	[●]
7.	Issue Date:	[●]
8.	Maturity Date:	[●]
9.	Principal Moratorium:	[●]
10.	Interest Basis:	[●]
11.	Redemption/Payment Basis:	[●]
12.	Status:	[●]
13.	Security:	[●]
14.	Listing(s):	[●]
15.	Method of Distribution:	[●]
16.	Offer Period	[●]
Provisions Relating to Interest (If Any) Payable		
17.	Fixed Rate Note Provisions	
	- Interest Rate:	[●]
	- Coupon Payment Date(s) /Payment Dates:	[●]
	- Interest Amount(s):	[●]
	- Business Day Convention:	[Following Business Day Convention/ Preceding Business Day Convention/ Modified Business Day]
	- Business Day:	Modified Business Day
	- Other terms relating to method of calculating interest for Fixed Rate Bonds:	[●]

FORM OF PRICING SUPPLEMENT

18.	Floating Rate sNote Provisions	[•] (if not delete the remaining sub-paragraphs of this paragraph)
	- Coupon Payment Date(s):	[•]
	- Reference Banks:	[•]
	- Spread (if applicable):	[•]
	- Party responsible for calculating interest rate and interest amount(s)	[•]
	- Relevant Time (if applicable):	[•]
	- Screen Rate Determination: <ul style="list-style-type: none"> • Benchmark: • Coupon Determination Dates(s): • Relevant Screen Page: 	Actual/Actual: Actual/360
	- Day Count Fraction	[•]
Provisions Relating to Redemption		
19.	Optional Early Redemption (Call Option):	[Applicable/Not Applicable]
20.	Optional Early Redemption (Put Option):	[Applicable/Not Applicable]
21.	Scheduled Redemption/Amortization:	[Applicable/Not Applicable]
22.	Redemption Amount(s):	[•]
23.	Scheduled Redemption Dates:	[•]
24.	Final Redemption Amount:	[•]
General Provisions Applicable to the Notes		
25.	Form of Notes: Form of Dematerialized Notes: Registrar:	Dematerialised Notes [Registered/Certificate/Dematerialized] [•]
26.	Trustee(s):	[•]
27.	Record Date:	[•]

FORM OF PRICING SUPPLEMENT

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

Except as disclosed in this document and in the Shelf Prospectus dated January 23, 2019, there has been no significant change in the financial or trading position of the Issuer since *[insert date of last audited accounts or interim accounts (if later)]* and no material adverse change in the financial position or prospects of the Issuer since *[insert date of last published annual accounts]*.

Responsibility

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