

**RED HERRING PRICING SUPPLEMENT/SUPPLEMENTARY SHELF PROSPECTUS**  
**This document is issued solely for guidance purposes for price discovery process purposes**

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 PAGE 61 TO 64 OF THE SHELF PROSPECTUS.**

**INVESTMENT IN THE BONDS IS STRICTLY FOR QUALIFIED INVESTORS AS DEFINED UNDER RULE 321 OF THE RULES AND REGULATIONS OF THE SECURITIES & EXCHANGE COMMISSION (AS AMENDED).**



**LAPO MFB SPV PLC**

RC 1363556

Offers for Subscription

**₦6.2 Billion 13.00% Fixed Rate Series 2 Senior Unsecured Bonds Due 2025**

**Under the ₦20,000,000,000 Debt Issuance Programme**

Issue Price: ₦ 1,000 per Unit

Payable in full on Application

**Book Building Opens: 11 FEBRUARY 2020    Book Building Closes: 24 FEBRUARY 2020**

This Pricing Supplement or Supplementary Prospectus ("Pricing Supplement") together with documents specified herein have been delivered to the Securities & Exchange Commission (the "Commission") for registration. This Pricing Supplement is prepared for the purpose of Part F Rule 280 and Rule 323(5) of the Rules and Regulation of the Commission and the listing requirements of The Nigerian Stock Exchange ("the NSE") or FMDQ Securities Exchange PLC ("FMDQ") in connection with the LAPO MFB SPV PLC (the "Issuer") ₦20,000,000,000 Debt Issuance Programme (the "Programme"). This Pricing Supplement is supplemental to and should be read in conjunction with the Shelf Prospectus dated August 16, 2017 as amended and/or supplemented from time to time. Any capitalized terms not defined in this Pricing Supplement shall have the meanings ascribed to them in the Shelf Prospectus. 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 as amended and/or supplemented from time to time. Copies of the Shelf Prospectus can be obtained from the Issuing Houses.

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 2 Bonds" or "Bonds"). An application has been made to the Council of the NSE and the Board, Listings of FMDQ for the admission of the Bonds to the Daily Official List and Daily Quotation List, respectively. The Bonds now being issued will, upon admission to an exchange, qualify as a security in which trustees may invest under the Trustee Investments Act, (Cap T22) Laws of the Federation of Nigeria, 2004 and also qualifies as securities in which pension fund assets can be invested under the Pensions Reform Act No 4 of 2014. The Bonds also qualify as a security under Section 20(1)(g) of the Personal Income Tax Act, Cap P8, LFN, 2004 as well as Section (19)(2) of the Companies Income Tax Act, Cap C21, LFN, 2004.

The Directors of the Issuer accept full responsibility for the accuracy of the information contained in this Pricing Supplement and declare that, having taken reasonable care to ensure that such is the case, the information contained in this Pricing Supplement is, to the best of their knowledge, in accordance with the facts and does not omit anything key 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. Furthermore, the information 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.

**LEAD ISSUING HOUSE/BOOK RUNNER:**



FBNQuest Merchant Bank Limited  
RC 264978

**JOINT ISSUING HOUSE/BOOK RUNNER:**



Coronation Merchant Bank Limited  
RC 207138

**THIS PRICING SUPPLEMENT IS DATED 30 MARCH 2020**

## TABLE OF CONTENTS

1. DEFINITION OF TERMS.....	3
2. INCORPORATION OF DOCUMENTS BY REFERENCE .....	8
3. PARTIES TO THE ISSUE .....	9
4. DECLARATIONS .....	11
5. CONFIRMATION OF GOING CONCERN .....	13
6. TERMS OF THE OFFER .....	14
7. DESCRIPTION OF THE ISSUER AND THE ISSUE.....	18
8. USE OF PROCEEDS.....	19
APPENDIX A: INDICATIVE ABRIDGED TIMETABLE .....	20
APPENDIX B: BOND REPAYMENT SCHEDULE .....	21
APPENDIX C: OTHER DISCLOSURES.....	22
APPENDIX D: DOCUMENTS AVAILABLE FOR INSPECTION .....	27
APPENDIX E: EXTRACT OF THE ISSUER'S RATING REPORT .....	28
APPENDIX F: EXTRACT OF THE BOND RATING REPORT .....	29
APPENDIX G: EXTRACTS OF HISTORICAL FINANCIAL STATEMENT .....	30
APPENDIX H: PROCEDURE FOR APPLICATION AND ALLOTMENT .....	39
APPENDIX I: COMMITMENT FORM .....	41

## 1. DEFINITION OF TERMS

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"Allocation Confirmation Notice"	The notification issued to each Applicant confirming the Bonds allocated to the Applicant following the conclusion of the Book Build and determination of the Clearing Price (Coupon Rate)
"Allotment Date"	The date on which Bonds are allotted to successful bidders, being the Completion Meeting Date or Signing Ceremony Date
"Allotment"	The issue of Bonds to successful bidders pursuant to this Pricing Supplement
"Applicant"	A Qualified Investor who offers to purchase the Bonds and submits a Commitment Form to the Book Runner
"Application Form" or "Commitment Form"	The application form included in this Pricing Supplement which is to be completed by each Qualified Investor providing identification details of each Applicant and the Participation Amount(s) and Coupon Rates ("Orders") offered for the Series 2 Bonds
"Basis of Allotment"	The summary of allotment filed with the SEC which includes summary of applications received and allotted, as well as list of applications rejected and the basis for rejection, if any
"Bid Coupon Rates"	The coupon rate or price an Applicant offers to purchase the Bonds
"Board" or "Directors"	Board of Directors of the Issuer
"Book Building" or "Book Build"	A process of price and demand discovery through which the Book Runners seek to determine the price at which securities should be issued, based on demand from Qualified Institutional Investors and High Net Worth Investors as permitted under SEC Rules 320 - 322
"Book Runner"	The Issuing House(s) duly appointed by the Issuer to receive and collate bids (the "Book") from investors in respect of the Bonds being sold by way of Book Building
"Bonds"	The Series 2 Bonds being issued in accordance with the terms of the Shelf Prospectus and this Pricing Supplement
"Bondholder" or "Holder"	Any registered owner or beneficial owner of Bonds 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 commercial banks are open for business in Lagos and Abuja, Nigeria
"Clearing Price"	The final Coupon Rate for the Series 2 Bond agreed among the Issuer and Issuing Houses following the Book Build
"Completion Meeting Date" or "Signing Ceremony Date"	The date on which all parties to the Issue execute the final offer documents approved by the SEC

## DEFINITION OF TERMS

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"Coupon"	The interest payment or payments due to be made on the Bonds periodically, expressed as a percentage of the face value of the Bond
"Coupon Commencement Date"	The Issue Date from which interest on the Bonds begins to accrue to the Bondholders
"Coupon Payment Date"	The date on which a Coupon falls due for payment to the Bondholders, being 30 March and 30 September every year up to and including the Maturity Date
"Coupon Period"	The period from (and including) a Coupon Payment Date (or the Coupon Commencement Date in respect of the first Coupon Period only) to (but excluding) the next Coupon Payment Date
"Coupon Rate"	13.00% per annum
"CSCS" or the "Clearing System"	Central Securities Clearing System PLC
"Daily Official List"	The daily official publication of the NSE, detailing price movements and information on all securities quoted on the NSE
"Daily Quotation List"	The daily official publication of FMDQ, detailing price movements and information on all securities quoted on FMDQ
"Debt Issuance Programme" or the "Programme"	The ₦20,000,000,000 Debt Issuance Programme established by LAPO MFB SPV PLC as described in the Shelf Prospectus, pursuant to which the Issuer may issue tranches of Bonds from time to time with varying maturities, terms and conditions and variable rates of interests; provided that the aggregate value does not exceed ₦20,000,000,000
"Face Value"	The par value of a Bond
"Financial Indebtedness"	Any obligation for the payment or repayment of money, whether as principal or as surety and whether present or future, actual or contingent, incurred in respect of: (a) money borrowed or raised; (b) any bond, loan stock, debenture or similar instrument; (c) acceptance or documentary credit facilities; (d) foreign exchange options; (e) rental payments, under leases and hire purchase agreements and instalments under conditional sale agreements (in all cases whether in respect of land, machinery, equipment or otherwise) entered into primarily as a method of raising finance or of financing the acquisition or use of the asset concerned; (f) any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing; and (g) guarantees, indemnities, bonds, standby letters of credit or other instruments issued in connection with the performance of contracts and or in respect of the indebtedness of any other person, provided that any amounts owed to trade creditors in the ordinary course of business shall be excluded
"FMDQ"	FMDQ Securities Exchange PLC

## DEFINITION OF TERMS

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"High Net Worth Investors"	As defined in Rule 321 of the SEC Rules and Regulations (as amended)
"ISA or "the Act""	Investments & Securities Act, No. 29, 2007 (as amended or republished from time to time)
"Issue"	The issue of the Series 2 Bonds to Qualified Investors
"Issue Proceeds Account"	The accounts held with the Receiving Banks for collection and warehousing of investment amounts received from Applicants
"Issuer"	LAPO MFB SPV PLC
"Issue Date"	The date on which the Series 2 Bonds are issued being 30 March 2020
"Issuing Houses/Book Runners"	The Lead Issuing House/Book Runner and Joint Issuing House/Book Runner
"Joint Issuing House/Book Runner"	Coronation Merchant Bank Limited
"LAPO Bonds"	The registered debt securities issued by the Sponsor and purchased by the Issuer with the proceeds of the Bonds
"Lead Issuing House/Book Runner"	FBNQuest Merchant Bank Limited
"Maturity Date"	The date on which the principal amount is due for redemption being March 2025
"Minimum Participation Amount"	<del>₦</del> 20,000,000 (twenty million Naira) nominal Principal Amount of the Series 2 Bonds
"Naira", "NGN" or "₦"	The Nigerian Naira
"NIBSS Electronic Fund Transfer" or "NEFT"	A payment system provided by the Nigeria Inter-Bank Settlement System PLC ("NIBSS") and facilitated by deposit money banks through which processing and settlement of money transfers are effected
"NSE" or "the NSE"	The Nigerian Stock Exchange
"Offer"	The offer for subscription to the Series 2 Bonds by Qualified Investors
"Offer Documents"	<ol style="list-style-type: none"><li>1) This Pricing Supplement</li><li>2) The Series 2 Bond Trust Deed dated 30 March 2020</li><li>3) The Series 2 Bond Rating Report</li></ol>
"Orders"	Participation Amount(s) and Bid Coupon Rates submitted by Applicants
"OTC"	Over-the-counter
"Participation Amount"	The amount of the Series 2 Bonds an Applicant offers to purchase
"Pricing Date"	The date on which the final price (Coupon rate) of the Series 2 Bonds is determined after close of the Book Build

## DEFINITION OF TERMS

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"Price Range"	The range of coupon rates which indicate the potential minimum and maximum coupon rates of the Series 2 Bonds as advised by the Book Runners in order for Applicants to submit their Orders
"Pricing Supplement"	This supplemental prospectus which contains the issue details including the price, amount, issue date and maturity date of the Series 2 Bonds
"Programme Trust Deed"	The deed entered into by the Issuer, the Sponsor and the Trustee dated August 16, 2017, which sets out the rights, duties and obligations of the Issuer, the Sponsor and the Trustee in respect of the Programme
"Qualified Institutional Investor"	A purchaser of securities that is financially sophisticated. These include Banks, Fund Managers, Pension Fund Administrators, 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
"Qualified Investor"	Qualified Institutional Investor or High Net Worth Investor as stipulated by Rule 321 of the SEC Rules and Regulations
"Rating Agency"	Global Credit Rating Co. Limited or such other rating agency as may be appointed by the Issuer in respect of the Bonds
"Real Time Gross Settlement" or "RTGS"	The online payment system provided by the Central Bank of Nigeria ("CBN") and facilitated by deposit money banks through which processing and settlement of money transfers take place continuously in real time within the time schedule allowed by the CBN
"Registrar"	CardinalStone Registrars Limited
"Receiving Agents"	The capital market operators who are authorized to receive applications for the offer. Being an offer by book build, the authorized agents for this offer are the Issuing Houses/Book Runners
"Receiving Bank"	First Bank of Nigeria Limited
"Red Herring Prospectus"	This preliminary prospectus for the purpose of determining the price and volume of bonds to be issued which will be superseded by the Pricing Supplement upon close of the Book Building process
"Redemption Amount"	The aggregate Principal Amount outstanding in respect of the Bonds on the Maturity Date
"Reporting Accountants"	Ernst & Young
"SEC" or the "Commission"	The Nigerian Securities and Exchange Commission

## DEFINITION OF TERMS

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"Settlement Date"	The date by which the Bondholders must pay for the Bonds delivered by the Issuer and shall be the same date as the Allotment Date
"Shelf Prospectus"	The document dated August 16, 2017 issued in accordance with the Rules and Regulations of the Commission, which details the aggregate size and broad terms and conditions of the Programme
"Sponsor" or the "Bank"	LAPO Microfinance Bank Limited
"Series 2 Bond Trust Deed"	The deed supplementing or modifying the provisions of the Programme Trust Deed entered into by the Issuer, the Sponsor and the Trustee and empowering the Trustee in relation to the issuance of the Series 2 Bonds
"Terms and Conditions"	The terms and conditions in accordance with which the Bonds will be issued, set out in the section headed "Conditions of the Bonds" as contained in the Schedule to the Series 2 Trust Deed

## **2. INCORPORATION OF DOCUMENTS BY REFERENCE**

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The following documents, which have been filed with the SEC, are incorporated by reference in this Pricing Supplement:

- The Shelf Prospectus dated August 16, 2017;
- The Programme Trust Deed dated August 16, 2017;
- The Series 2 Trust Deed dated 30 March 2020;
- The Master Bond Purchase Agreement dated August 16, 2017;
- The Deed of Covenant dated August 16, 2017;
- The Series 2 Bond Rating Report by Global Credit Rating Co. Limited;
- The Rating Report on LAPO Microfinance Bank Limited issued by Global Credit Rating Co. Limited;
- The report by Ernst & Young, the Reporting Accountants, on the consolidated historical three (3) years financial statements of the Sponsor; and
- The Sponsor's audited financial statements for the years ended 31 December – 2016, 2017 & 2018

A copy of any or all the documents listed above, or portions thereof are incorporated by reference herein, and will be made available for viewing without charge, to each person to whom a copy of this Pricing Supplement has been delivered, upon the verbal or written request of such person. In addition, such documents or portions thereof will be available from the offices of the Issuing Houses, as stated below from 8:00am till 5:00pm on Business Days, during the Offer Period:

**FBNQuest Merchant Bank Limited**

10 Keffi Street  
South-West Ikoyi  
Lagos

**Coronation Merchant Bank Limited**

10 Amodu Ojikutu Street  
Victoria Island  
Lagos



### 3. PARTIES TO THE ISSUE

Issuer	
<b>LAPO MFB SPV PLC</b> LAPO Place 18 Dawson Road Benin, Edo State	
Board of Directors & Company Secretary of the Issuer	
<b>Dr Godwin Ehigiamusoe</b> LAPO Place 18 Dawson Road Benin, Edo State	<b>Mrs Faith Osazuwa-Ojo</b> LAPO Place 18 Dawson Road Benin, Edo State
<b>Mrs Josephine Nwachukwu</b> LAPO Place 18 Dawson Road Benin, Edo State	<b>Ms. Cynthia Ikponmwosa (Company Secretary)</b> LAPO Place 18 Dawson Road Benin, Edo State
Sponsor	
<b>LAPO Microfinance Bank Limited</b> LAPO Place 18 Dawson Road Benin, Edo State	
Board of Directors & Company Secretary of the Sponsor	
<b>Mr Ede Osayande (Chairman)</b> LAPO Place 18 Dawson Road Benin, Edo State	<b>Dr Godwin Ehigiamusoe</b> LAPO Place 18 Dawson Road Benin, Edo State
<b>Mr Rene Azokly</b> LAPO Place 18 Dawson Road Benin, Edo State	<b>Mrs Osaretin Demuren</b> LAPO Place 18 Dawson Road Benin, Edo State
<b>Mrs Faith Osazuwa Ojo</b> LAPO Place 18 Dawson Road Benin, Edo State	<b>Mrs Hannatu Yaro</b> LAPO Place 18 Dawson Road Benin, Edo State
<b>Mrs Josephine Nwachukwu</b> LAPO Place 18 Dawson Road Benin, Edo State	<b>Ms. Cynthia Ikponmwosa</b> LAPO Place 18 Dawson Road Benin, Edo State
<b>Mr Elijah Osadebamwen</b> LAPO Place 18 Dawson Road Benin, Edo State	<b>Mr Aigbe Olotu</b> LAPO Place 18 Dawson Road Benin, Edo State
<b>Ms. Peggy Idehen (Company Secretary)</b> LAPO Place 18 Dawson Road Benin, Edo State	

Issuing Houses/ Book Runners	
<b>FBNQuest Merchant Bank Limited</b> 10 Keffi Street South-West Ikoyi Lagos	<b>Coronation Merchant Bank Limited</b> 10 Amodu Ojikutu Street Victoria Island Lagos
<b>Trustees</b>	<b>Solicitors to the Issue</b>
<b>FBNQuest Trustees Limited</b> 10 Keffi Street South-West Ikoyi Lagos  Advised by: <b>Aluko &amp; Oyebode<sup>1</sup></b> 1 Murtala Muhammed Drive Ikoyi Lagos	<b>Banwo &amp; Ighodalo</b> 48 Awolowo Road South West Ikoyi Lagos
<b>Solicitors to the Issuer</b>	<b>Rating Agency</b>
<b>Tokunbo Orimobi LP</b> Plot 1963B, Buraimoh Kenku Street Off Oyin Jolayemi Street, Victoria Island Lagos	<b>Global Credit Rating Co. Limited</b> 11 <sup>th</sup> Floor, New Africa House 31 Marina Lagos
<b>Reporting Accountants</b>	<b>Registrar</b>
Ernst & Young 10th Floor, UBA House 57 Marina Lagos	<b>CardinalStone Registrars Limited</b> 358, Herbert Macaulay Road Yaba Lagos
<b>Receiving Bank</b>	
<b>First Bank of Nigeria Limited</b> Samuel Asabia House 35 Marina Lagos	

#### SPONSOR'S AUDIT & RISK COMMITTEE

The Audit & Risk Committee of the Sponsor is comprised of the following persons:

1. Mrs Hannatu Ahmed Yaro
2. Mr Ede Osayande
3. Mr Rene Azokly

<sup>1</sup> Aluko & Oyebode is the Legal Counsel to the Trustee and not a Party to the Offering.

## 4. DECLARATIONS

### SPONSOR DECLARATION



t: Benin +234-52-292174  
Lagos +234-81-10772850  
+234-81-69389739  
e: info@lapo-nigeria.org  
lapobn@lapo-nigeria.org  
w: www.lapo-nigeria.org

27 November 2019

#### DECLARATION BY THE SPONSOR

This Series 2 Bond Prospectus has been prepared by the Issuing Houses on behalf of LAPO Microfinance Bank Limited (the "Sponsor" or the "Bank") for the purpose of providing information in connection with the Issue and investment in the securities issued therein.

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

1. That the information contained in this Prospectus is to the best of our knowledge and belief, in accordance with the facts and contains no omission likely to affect its import;
2. That there has been no material adverse change in the financial condition and prospects of the Bank since the date of the last bond issuance in December 2017; and
3. The Bank has not, during the 12 calendar months immediately preceding the date of application to the Securities and Exchange Commission for registration of the Series 2 Bond, breached any terms and conditions in respect of borrowed monies which has resulted in the occurrence of an immediate recall of such borrowed monies.

Signed for and on behalf of LAPO Microfinance Bank Limited  
by its duly authorized representatives:

Stanley Oriakhi  
Chief Finance Officer

Peggy Idehen  
Company Secretary

Godwin Ehigiamusoe  
Chief Executive Officer



OSAZUWA GREGORY OMONUWA, ESQ.  
27-11-2019  
SIGNED  
POWER PUBLIC FOR NIGERIA

HEAD OFFICE: Lapo Place, 18 Dawson Road, P.M.B 1729, Benin City, Edo State, Nigeria.  
ANNEX: Iroko Plaza, 2nd Floor, 65 Kudirat Abiola Way, Oregun-Ikeja, Lagos, Nigeria.

CHAIRMAN: Osarenren Emokpae Ph.D MD/C.E.O: Godwin Ehigiamusoe Ph.D

DIRECTORS: Osayande Ede FCA, Osarentin Demuren, Rene Azokly, Andrew Ejoh FCA, Yaro Hannatu Ahmed, Josephine Nwachukwu, Faith Osazuwa-Ojo.

## ISSUER DECLARATION

**LAPO MfB SPV PLC**  
RC:1363556

**HEAD OFFICE:**

18, Dawson Road.  
Benin City, Nigeria.  
Tel: 234-52292174

**LAGOS OFFICE:**

65, Kudirat Abiola Way,  
Ikeja, Lagos, Nigeria.  
Tel: +234-81-10772850  
+234-81-69389739

15 November 2019

**DECLARATION BY THE ISSUER**

This Series 2 Bond Prospectus has been prepared by the Issuing Houses on behalf of LAPO MFB SPV PLC (the "Issuer" or the "Company") for the purpose of providing information to prospective investors in connection with the Issue and investment in the securities issued therein.

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

1. That the information contained in this Prospectus is to the best of our knowledge and belief, in accordance with the facts and contains no omission likely to affect its import;
2. That there has been no material adverse change in the financial condition and prospects of the Bank since the date of the last bond issuance in December 2017; and
3. The Company has not, during the 12 calendar months immediately preceding the date of application to the Securities and Exchange Commission for registration of the Series 2 Bond, breached any terms and conditions in respect of borrowed monies which has resulted in the occurrence of an immediate recall of such borrowed monies.

Signed for and on behalf of LAPO MFB SPV PLC  
by its duly authorized representatives:



Godwin Ehigiamusoe  
Director



Cynthia Ikponmwosa  
Company Secretary



**SHARAF OLAITAN**  
**Notary Public**  
185, Ikoyi Road, Lagos Island,  
Lagos Nigeria.  
**Tel. 08055071648**

Directors: Godwin Ehigiamusoe, Josephine Nwachukwu, Eami Osazuwa-Ojo



## 5. CONFIRMATION OF GOING CONCERN

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P.O. Box 965  
Marina  
Lagos  
Nigeria

Deloitte & Touche  
Civic Towers  
Plot GA 1, Ozumba Mbadiwe Avenue  
Victoria Island  
Lagos  
Nigeria

Tel: +234 (1) 904 1700  
www.deloitte.com.ng

20 November 2019

The Managing Director  
Lapo Microfinance Bank Limited  
65 Kudirat Abiola Way  
Oregun

and

The Managing Director,  
FBN Quest Merchant Bank Limited  
10 Keffi Street  
South West Ikoyi

And

The Managing Director  
Coronation Merchant Bank Limited,  
10 Amodu Ojikutu Street  
Victoria Island

Dear Sir

### **LETTER ON GOING CONCERN-LAPO MICROFINANCE BANK LIMITED**

We have audited the financial statements of Lapo Microfinance Bank Limited for the year ended 31 December, 2018 which were prepared in accordance with International Financial Reporting Standards, Companies and Allied Matters Act, Regulatory and Supervisory Framework for Microfinance Banks and Financial Reporting Council Act 2011.

Based on our audit of the financial statements for the year ended 31 December, 2018 on which we expressed our opinion dated 24 July, 2019 and representation received from the directors of Lapo Microfinance Bank Limited. Nothing has come to our notice that makes us believe that the bank will not continue in operation as a going concern.

Yours faithfully

**David Achugamonu**  
Engagement Partner  
FRC/2013/ICAN/00000000840

## 6. TERMS OF THE OFFER

1.	Issuer:	LAPO MFB SPV PLC
2.	Sponsor:	LAPO Microfinance Bank Limited
3.	Description of the Bond:	Five (5)-Year 13.00% Fixed Rate Senior Unsecured Bond Due 2025
4.	Series Number:	2
5.	Specified Currency:	Naira ("₦")
6.	Aggregate Nominal:	Up to ₦6,200,000,000.00
7.	Issue Price:	At par (100%) at ₦1,000 per unit of the Bond
8.	Net proceeds:	₦5,885,168,270.75
9.	Minimum Subscription:	Minimum of ₦20,000,000 (i.e. 20,000 units @ ₦1,000/unit) and multiples of ₦1,000 thereafter
10.	Tenor:	Five (5) years
11.	Allotment Date:	30 March 2020
12.	Issue Date:	30 March 2020
13.	Coupon Commencement Date	Coupon shall accrue from the Issue date
14.	Maturity Date:	30 March 2025
15.	Principal Moratorium:	Not Applicable
16.	Coupon Basis:	Fixed Rate
17.	Coupon:	13% p.a. payable semi-annually in arrears
18.	Principal Redemption Basis:	The Bonds shall be redeemed in full on the Maturity Date
19.	Source of Repayment:	The Bonds shall be redeemed from the Sponsor's cash flows
20.	Ranking:	The Series 2 Bonds are direct, unsecured and unsubordinated obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves and all other unsecured obligations of the Issuer, present and future, except for obligations mandatorily preferred by law applying to companies generally.
21.	Payment Undertaking:	Undertaking by the Sponsor to fulfil all of its payment obligations under the Master Bond Purchase Agreement as well as the Issuer's payment obligations in relation to the Bonds issued under the Programme as stipulated in the Deed of Covenant executed by the Sponsor and Series Trust Deed.
22.	Creation of Security:	For as long as any Bonds are outstanding, the Issuer shall not create or permit to subsist any charge, mortgage, lien, pledge or other security interest upon any of its assets or any other party or any other indebtedness guaranteed by it without the prior written consent of the Trustee. Where the Trustee so consents, the Issuer shall at the same time as the creation of such indebtedness grant to the Trustees (for the benefit of the Bondholders) the same or equivalent security as is granted in relation to the indebtedness.
23.	Use of Proceeds:	See 'Use of Proceeds' (section 6) on page 19
24.	Listing(s):	Application for listing of the Bonds will be made to the NSE and/or FMDQ
<b>PROVISIONS RELATING TO COUPON PAYABLE</b>		

## TERMS OF THE OFFER

25.	Fixed Rate Bond Provisions:	
(i)	Coupon Payment Date(s)/Payment Dates:	Interest on the Bonds will be payable on 30 March and 30 September of each year (each a "Coupon Payment Date") commencing on 30 September 2020 until the Maturity Date or Call Date, if earlier (each a "Payment Date")
(ii)	Coupon Amount(s):	See Appendix B
(iii)	Day Count Fraction:	Actual/Actual (actual numbers of days in a month/ 365 days in the year)
(iv)	Business Day Convention:	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 immediately preceding Business Day
(v)	Other terms relating to method of calculating Coupon for Fixed Rate Bonds:	Not Applicable
(vi)	Floating Rate Bond Provisions:	Not Applicable
(vii)	Zero Coupon Note Provisions:	Not Applicable
(viii)	Index Linked Coupon Note Provisions:	Not Applicable
(ix)	Dual Currency Note Provisions:	Not Applicable
(x)	Automatic/ Optional Conversion from one Coupon Payment Basis to another:	Not Applicable
<b>PROVISIONS RELATING TO REDEMPTION</b>		
26.	Optional Early Redemption:	
(i)	Call Option:	Not Applicable
(ii)	Call Price:	Not Applicable
(iii)	Put Option:	Not Applicable
27.	Scheduled Amortization:	Not Applicable
28.	Redemption Amount(s):	See Appendix B
29.	Scheduled Redemption Dates:	Not Applicable
<b>GENERAL PROVISIONS APPLICABLE TO THE BONDS</b>		
30.	Form of Bonds:	Dematerialized
31.	Registrar:	CardinalStone Registrars Limited
32.	Trustee:	FBNQuest Trustees Limited
33.	Record Date:	Registration of any Bond transfer shall not be carried out within fifteen (15) days ending on the due date for any payment of principal or Coupon on the Bond
34.	Other terms or special conditions:	See "Terms and Conditions of the Programme" on pages 28 - 36 of the Shelf Prospectus
35.	Payment Agent	CardinalStone Registrars Limited
<b>DISTRIBUTION, CLEARING AND SETTLEMENT PROVISIONS</b>		
36.	Method of Distribution:	Offer for subscription by Book Building
37.	Underwriting:	At the instance of the Issuer, this Offer will not be underwritten
38.	Delivery:	Delivery against payment following clearance by the Securities and Exchange Commission

39.	Form of Bonds:	The Series 2 Bonds will be issued in registered, dematerialized form. The issue and ownership of the Series 2 Bonds will be effected and evidenced by the particulars of the Series 2 Bonds being entered in the Series 2 Bond Register by the Registrar and the Series 2 Bonds being electronically credited in the CSCS accounts of the Series 2 Bondholder
40.	Clearing System:	Central Securities Clearing System PLC
41.	Selling Restrictions:	Strictly to Qualified Investors as stipulated by Rule 321 of the SEC Rules and Regulations
42.	Offer Period:	See abridged timetable on page 20
<b>GENERAL</b>		
43.	Board approval for issuance of Bonds:	The Issuance of the Series 2 Bond is approved by a resolution of the Board of Directors of the Issuer and the Board of Directors of the Sponsor dated 22 November 2019 and 4 October 2019, respectively
44.	Rating:	
	(i) Sponsor:	'Bbb+' by Agosto & Co. Limited
	(ii) Issue:	'BBB+' by Global Credit Rating Co. Limited
45.	Indebtedness:	As at 30 December 2018, the Issuer has an outstanding debt of ₦14,539,045,000
46.	Taxation:	<p>See "Tax Considerations" on page 37 of the Shelf Prospectus dated August 16, 2017.</p> <p>Pursuant to the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 (the "<b>CIT Order</b>"), income earned from bonds issued by corporate entities in Nigeria are exempted from taxes ordinarily imposed under the Companies Income Tax Act, for a period of 10 years from the date the order became effective (being January 2, 2012). Thus, all payments of Principal, Coupon and any other sum due in respect of the Bonds prior to January 1, 2022 shall be made free and clear of, and without withholding or deduction for, or on account of any income tax. In that event, no additional amounts shall be paid to the Bondholders as a result of such deduction or withholding. In relation to Bonds with a maturity date later than January 1, 2022, where the CIT Order is not extended, the Issuer may be required by law to withhold tax on Coupon payments to Bondholders.</p> <p>Also, in light of the expiration of the Value Added Tax (Exemption of Commissions on Stock Exchange Transactions) Order 2014, value added tax will be payable on commissions due to the SEC, the NSE and CSCS in connection with the issuance of the Bonds.</p>
47.	Risk Factors:	See "Risk Factors" on pages 28 - 36 of the Shelf Prospectus dated August 16, 2017
48.	Governing Law:	The Bonds will be governed by, and construed in accordance with the laws of the Federal Republic of Nigeria
49.	Appendices	
	A	Indicative Abridged Timetable



**TERMS OF THE OFFER**

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B	Bond Repayment Schedule
C	Other Disclosures
D	Documents available for inspection
E	Extract of the Issuer's Rating Report
F	Extract of the Bond Rating Report
G	Procedure for Application and Allotment
H	Commitment Form

## 7. DESCRIPTION OF THE ISSUER AND THE ISSUE

### Description of the Issuer

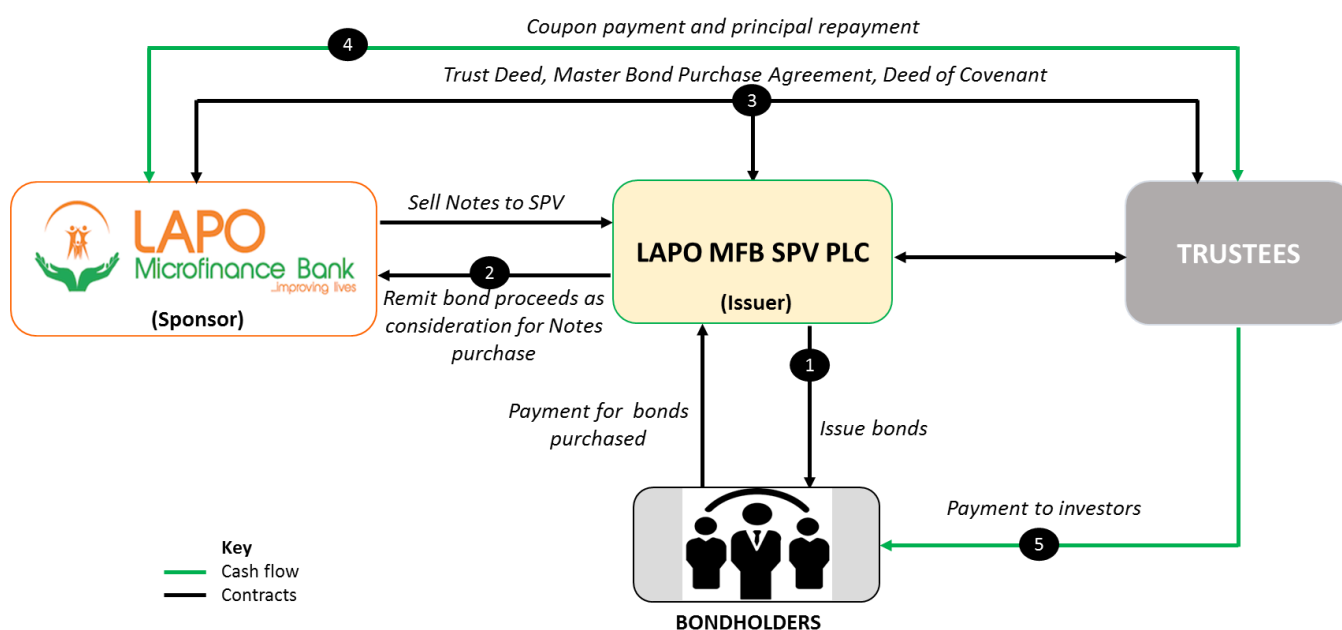
The ₦6,200,000,000 13.00% 5-year Series 2 Bonds have been offered by LAPO MFB SPV PLC (the “Company”), a special purpose vehicle established for the purpose of issuing bonds to finance the funding requirements and enhance the liquidity and capital base of its sponsor and parent company – LAPO Microfinance Bank Limited (the “Bank”). The Company was incorporated in Nigeria on 26 September 2016 as a public limited company, with its registered address situated at 18 Dawson Road, Benin, Edo State. The Company has no subsidiaries and its principal objective is to raise or borrow money and grant security over its assets and to enter into arrangements for such purposes, as set out in its Memorandum and Articles of Association.

The shareholding structure of the Company as at 31 December 2018 was as follows:

Shareholders	Number of Shares	% of Holding
LAPO Microfinance Bank Limited	990,000	99.00%
Dr Godwin Ehigiamusoe	10,000	1.00%

### Structure of the Issue

The following schematic represents the transaction process flow:



1. LAPO MFB SPV issues bonds to investors to raise capital.
2. Proceeds received from subscription are utilized by the Issuer to purchase LAPO Bonds from the Sponsor under the terms of a Master Bond Purchase Agreement.
3. The Bonds are backed by an undertaking issued by the Sponsor in favour of the Trustee on behalf of Bondholders supporting all the obligations of the Issuer in respect of the Bonds.
4. The Sponsor funds a dedicated payment account for the purpose to settling scheduled interest payments in accordance with the Trust Deed.
5. The Trustees administer payment obligations in line with the agreed repayment schedule.

## 8. USE OF PROCEEDS

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After deducting offer costs of ₦118,532,541.75, i.e., 1.9118% of the gross issue proceeds, the net issue proceeds of ₦6,085,168,270.75 will be utilized for the purchase of Five (5)-year 13.00% Senior unsecured LAPO Bonds on similar terms through a private placement programme constituted by the Master Bond Purchase Agreement.

S/n	Details	Amount	% of gross proceeds	Timeline
1	Purchase of 5-year Senior Unsecured LAPO Bonds issued by LAPO Microfinance Bank Limited	6,081,467,458.25	98.09%	Immediate
2	Offer costs	118,532,541.75	1.91%	Immediate
	<b>Gross Proceeds</b>	6,200,0000,000.00	<b>100%</b>	

**APPENDIX A: INDICATIVE ABRIDGED TIMETABLE**

Date	Activity	Responsibility
<b>28 Jan 2020</b>	Receive SEC approval of the Red Herring Prospectus to commence book building	Issuing Houses
<b>11 Feb 2020</b>	Commence Book Building	Issuing Houses / Book Runners
<b>24 Feb 2020</b>	Conclude Book Building	Issuing Houses / Book Runners
<b>25 Feb 2020</b>	Determine coupon rate and aggregate principal amount of Bonds to be issued	Issuing Houses / Book Runners
<b>25 Feb 2020</b>	Dispatch Allocation Confirmation Notices to successful investors	Issuing Houses / Book Runners
<b>30 Mar 2020</b>	Update Pricing Supplement and other offer documents and file with the SEC	Issuing Houses
<b>30 Mar 2020</b>	Effect payment of Participation Amounts to Receiving Bank	Applicants
<b>30 Mar 2020</b>	Conduct signing of Offer Documents	All Parties
<b>30 Mar 2020</b>	Remit net issue proceeds to the Issuer	Receiving Bank
<b>09 Apr 2020</b>	File executed Offer Documents and the Basis of Allotment with SEC	Issuing Houses
<b>15 Apr 2020</b>	Receive SEC 'No Objection' to the Basis of Allotment	Issuing Houses
<b>17 Apr 2020</b>	Publish allotment announcement	Issuing Houses
<b>23 Apr 2020</b>	Credit CSCS accounts of investors	Registrars
<b>28 Apr 2020</b>	File for listing of the bonds	Issuer / Sponsor
<b>30 Apr 2020</b>	File Post Allotment report	Issuing Houses

## APPENDIX B: BOND REPAYMENT SCHEDULE

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The Bonds shall be redeemed on the Maturity Date by a bullet repayment of Principal as shown in below schedule:

Bond Obligation Payment Dates	Principal Obligation (N'000)	Semi-Annual Coupon Payment (N'000)	Principal Repayment (N'000)	Principal Obligation Outstanding (N'000)
Sep-20	6,200,000	403,000	-	6,200,000
Mar-21	6,200,000	403,000	-	6,200,000
Sep-21	6,200,000	403,000	-	6,200,000
Mar-22	6,200,000	403,000	-	6,200,000
Sep-22	6,200,000	403,000	-	6,200,000
Mar-23	6,200,000	403,000	-	6,200,000
Sep-23	6,200,000	403,000	-	6,200,000
Mar-24	6,200,000	403,000	-	6,200,000
Sep-24	6,200,000	403,000	-	6,200,000
Mar-25	6,200,000	403,000	-	6,200,000
TOTAL			6,200,000	

## APPENDIX C: OTHER DISCLOSURES

### I. Authorization of the Series 2 Bond

At separate meetings held on 4 October 2019, the Board of Directors and shareholders of the Sponsor passed resolutions approving the issuance of the ₦6,200,000,000 Series 2 Bond and by the written resolutions of the Board of Directors and the shareholders of the Issuer, both dated 22 November 2019, the issuance of the Series 2 Bond was approved. The extract of the written resolution of the Board of Directors of the Issuer is as follows:

***“That the Company be and is hereby authorized to accept the issuance of Six Billion and Two Hundred Million Naira Only (₦6,200,000,000), being the ‘Series 2 Bonds’ of the Twenty Billion Naira (₦20,000,000,000) bond issuance programme;***

***That the Company be and is hereby authorised to enter into and execute all such agreements and documents as may be necessary for or incidental to the Series 2 Bonds including appointing all professional parties and advisers; and***

***That the Company be and is hereby authorised to take all such further action and do such further things as may be required to give effect to the above resolutions in respect of the Series 2 Bonds.”***

The extract of the written resolution of the shareholders of the Issuer is as follows:

***“That the Company be and is hereby authorized to accept the issuance of Six Billion and Two Hundred Million Naira Only (₦6,200,000,000), being the ‘Series 2 Bonds’ of the Twenty Billion Naira (₦20,000,000,000) bond issuance programme; and***

***That the Company be and is hereby authorised to enter into and execute all such agreements and documents as may be necessary for or incidental to the Series 2 Bonds including appointing all professional parties and advisers; and***

***That the Company be and is hereby authorised to take all such further action and do such further things as may be required to give effect to the above resolutions in respect of the Series 2 Bonds.”***

Furthermore, by a letter dated 15 December 2016, the Central Bank of Nigeria passed a ‘No Objection’ to LAPO Microfinance Bank Limited to issue debt of up to ₦20,000,000,000 through LAPO MFB SPV PLC.

### II. Shareholding Structure of the Sponsor

As at 31 December 2018, the shareholding structure of the Bank was as follows:

Shareholders	No. of Shares	% of Holding
Lift Above Poverty Organization Limited (LAPO) NGO	2,678,337,432	66.96%
Dr Godwin Ehigiamusoe	1,201,689,368	30.04%
Others	119,973,200	3.00%

### III. Substantial Interest in Shares

As at 31 December 2018, the shareholders who held more than 5% of the issued share capital of the Bank was as follows:

Shareholders	No. of Shares	% of Holding
Lift Above Poverty Organization Limited (LAPO) NGO	2,678,337,432	66.96%
Dr Godwin Ehigiamusoe	1,201,689,368	30.04%

### IV. Summary of the Capital Structure of the Sponsor

## OTHER DISCLOSURES

As at 31 December 2018, the capital structure of LAPO Microfinance Bank Limited was as follows:

	Items	₦' million
a)	Cash and cash equivalent	4,314
b)	Placement with banks and other financial institutions	1,287
c)	Short-term debt	9,266
d)	Long-term debt	5,272
e)	Total shareholders' equity	17,925
f)	Guarantees	-

### V. Directors Beneficial Interests

As at 31 December 2018, the beneficial interest of Directors in the issued share capital of the Bank was as follows:

Shareholders	No. of Shares	% of Holding
Mr Ede Osayande	23,994,640	0.60%
Dr Godwin Ehigiamusoe	1,201,689,368	30.04%
Dr Osarenren Emokpae <sup>2</sup>	23,994,640	0.60%
Mrs Osaretin Demuren	23,994,640	0.60%
Mr Rene Azokly	23,994,640	0.60%
Mr Andrew Ejoh <sup>3</sup>	23,994,640	0.60%
Mrs Hannatu Ahmed Yaro	-	-
Ms Josephine Nwachukwu	-	-
Mrs Faith Osazuwa Ojo	-	-

### VI. Statement of Indebtedness

As at 30 December 2018, the Issuer has an outstanding debt of ₦14,539,045,000.00 comprising of borrowings from financial institutions and the ₦3,150,000,000 Series 1 Bond issued in 2017.

### VII. Material Contracts

The following agreements are considered material to the transaction:

- A Programme Trust Deed dated August 16, 2017 executed between LAPO MFB SPV PLC, LAPO Microfinance Bank Limited and FBN Trustees Limited (*now FBNQuest Trustees Limited*) in respect of the Programme;
- A Deed of Covenant dated August 16, 2017 by LAPO Microfinance Bank Limited in respect of the Programme;
- A Master Bond Purchase Agreement dated August 16, 2017 executed between LAPO MFB SPV PLC, LAPO Microfinance Bank Limited and FBN Trustees Limited in respect of the Programme;
- The Series 2 Bond Trust Deed to be executed between LAPO MFB SPV PLC, LAPO Microfinance Bank Limited and FBNQuest Trustees Limited;
- A Vending Agreement to be executed between LAPO Microfinance Bank Limited, FBNQuest Merchant Bank Limited and Coronation Merchant Bank Limited.

<sup>2</sup> Retired from the Board with effect from 12 July 2018

<sup>3</sup> Retired from the Board with effect from 12 July 2018.

## OTHER DISCLOSURES

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### VIII. Claims and Litigation

According to the Solicitors to the Issue:

***“As at July 31, 2019, the Bank is, in its ordinary course of business, involved in Thirty-Eight (38) cases. Of the Thirty-Eight (38) cases, the Bank has been sued as Defendant by various organisations and individuals in Twenty-Seven (27) cases while the Bank is Claimant in Nine (9) cases. The Bank is Counter-Claimant in Ten (10) of the cases in which it is a Defendant and is Appellant in Two (2) cases in which judgment had previously been delivered against its interest.***

***The total monetary claim in the Twenty-Seven (27) cases instituted against the Bank<sup>4</sup> is approximately ₦152,977,900 (One Hundred and Fifty-Two Million, Nine Hundred and Seventy-Seven Thousand, Nine Hundred Naira) while the total monetary claim in the Nine (9) cases instituted by the Bank<sup>5</sup> is approximately ₦51,986,328.45 (Fifty-One Million, Nine Hundred and Eighty-Six Thousand, Three Hundred and Twenty-Eight Naira, Forty-Five Kobo) Please note that the amount referred to herein do not include interests and costs which may be awarded by the courts after the final resolution of each matter. Ultimately, the actual liability of the Bank in these cases, including final awards for costs, will be as determined by the courts upon conclusion of the respective suits.***

***Based on our assessment of the information contained in the case files provided for our review, our experience in litigation matters, our discountenancing of frivolous and exaggerated claims and our understanding of the disposition of Nigerian courts in the award of damages and other claims, we believe that the contingent liability that may arise from the cases, where same are diligently defended, would not have any material adverse effect on the proposed Transaction.***

***The Directors of the Bank are also of the opinion that none of the aforementioned cases is likely to have any material adverse effect on the proposed Transaction and are not aware of any other pending and/or threatened claim or litigation within the aforementioned category involving the Bank.***

***Based on the information made available to Solicitors to the Transaction, the Solicitors confirm that they are not aware of any claim or litigation pending against the Bank or threatened which (i) materially or adversely affects the Bank's ability to fulfil its obligations under the Transaction; and/or; (ii) affects the validity of the Transaction or restricts the proceedings or actions of the Bank with respect to the Transaction “***

### IX. Corporate Governance

In pursuit to maintain good corporate governance and best practice within LAPO Microfinance Bank Limited (LAPO MfB), the Board and Management of LAPO MfB have formulated comprehensive guidelines, policies and procedures in support of the Bank's corporate governance framework. These guidelines, policies and procedures are reviewed regularly by the Board and the relevant board committees and are updated in line with the amendments of applicable legislations and the requirements of the Central Bank of Nigeria and other stakeholders.

The Board of Directors of LAPO Microfinance Bank Limited has the primary responsibility to protect and enhance long-term shareholder's value, set the overall strategy of the Bank and ensure that the Bank is managed in line with the policies set by the Board. It also ensures that good corporate governance processes and best practices are implemented within the Bank.

The Board of Directors of the Bank consists of persons of diverse discipline and skills, chosen on the basis of professional background and expertise, business experience and integrity as well as knowledge of the Bank's business.

The Board of Directors, in addition, exercises its oversight responsibilities through its standing committees. These are the Board Audit Committee, the Risk Management Committee, the Finance and General Purpose Committee, the Environment, Social & Governance Committee as well as the Nomination and Remuneration Committee. The Board in conjunction with

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<sup>4</sup> Including the judgement sum awarded against the Bank in the Two (2) cases in which the Bank is now an Appellant.

<sup>5</sup> Including the Bank's counter-claims.



## OTHER DISCLOSURES

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Management sets broad policy guidelines and plays a major role in ensuring proper management and direction of the Microfinance Bank through the workings of these Committees.

### **X. Declarations**

Except as otherwise disclosed in this Supplementary Prospectus:

- (a) Other than Employee Share Scheme, no share of the Sponsor or the Issuer 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 Sponsor or the Issuer to any person in connection with the Bond Issuance Programme or sale of any securities of the Sponsor or the Issuer;
- (c) Save as disclosed herein, the directors of the Sponsor and the Issuer have not been informed of any holding representing 5% or more of the issued share capital of the Sponsor or the Issuer;
- (d) There are no founders' or management or deferred shares or any options outstanding in the Sponsor or the Issuer;
- (e) There are no material service agreements between the Sponsor or the Issuer or any of their Directors and employees other than in the ordinary course of business;
- (f) There are no long-term service agreements between the Sponsor or the Issuer or any of their Directors and employees other than in the ordinary course of business;
- (g) No Directors of the Sponsor and the Issuer has had any interest, direct or indirect, in any property purchased or proposed to be purchased by the Sponsor or the Issuer in the five years prior to the date of this Shelf Prospectus;
- (h) No prosecution has commenced against the Sponsor or the Issuer or any of their subsidiaries in respect of any breach of any securities or banking laws or CAMA; and
- (i) No action has been taken against the Sponsor or the Issuer by the NSE or FMDQ in respect of any breach of the listing requirements of the NSE or FMDQ respectively.

It is further declared that to the best of knowledge of Directors of the Sponsor and the Issuer as at 31 December 2018:

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

### **XI. Mergers and Takeovers**

As at the date of this Pricing Supplement, 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

### **XII. Corporate Contact Information**

Contact details of the Issuer and the Sponsor are given below:

#### LAPO Microfinance Bank Limited

##### **Benin Office (Head Office):**

LAPO Place  
18, Dawson Road  
Benin  
Edo State

##### **Lagos Office:**

2<sup>nd</sup> Floor, Irorun Plaza  
65 Kudirat Abiola Way  
Oregun, Ikeja  
Lagos State

## OTHER DISCLOSURES

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Website: [www.lapo-nigeria.org](http://www.lapo-nigeria.org)  
Email: [info@lapo-nigeria.org](mailto:info@lapo-nigeria.org)  
Telephone: +234 52 882168 9 (Head Office)  
+234 811 077 2850 (Lagos Office)

Contact details of the Registrar are given below:

CardinalStone Registrars Limited

**Lagos Office:**  
358 Herbert Macaulay Road  
Yaba  
Lagos State

**Abuja Office:**  
Plot 252, Herbert Macaulay Way  
Central Business District  
Abuja

**Port Harcourt Office:**  
85 Aba Road, by Garrison Junction  
Port Harcourt  
Rivers State

Website: [www.cardinalstoneregistrars.com](http://www.cardinalstoneregistrars.com)  
Email: [registrars@cardinalstone.com](mailto:registrars@cardinalstone.com)  
Telephone: +234 1 712 0090

### XIII. Consents

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

<b>Directors of the Issuer</b>	Dr Godwin Ehigiamusoe Mrs Faith Osazuwa-Ojo Mrs Josephine Nwachukwu
<b>Company Secretary</b>	Ms. Cynthia Ikponmwosa
<b>Directors of the Sponsor</b>	Mr Ede Osayande Dr Godwin Ehigiamusoe Mr Rene Azokly Mrs Osaretin Demuren Mrs Faith Osazuwa Ojo Mrs Hannatu Yaro Mrs Josephine Nwachukwu Ms. Cynthia Ikponmwosa Mr Elijah Osadebamwen Mr Aigbe Olotu
<b>Company Secretary</b>	Ms. Peggy Idehen
<b>Issuing Houses</b>	FBNQuest Merchant Bank Limited Coronation Merchant Bank Limited
<b>Trustee</b>	FBNQuest Trustees Limited
<b>Solicitors to the Trustee</b>	Aluko & Oyebode
<b>Solicitors to the Issue</b>	Banwo & Ighodalo
<b>Solicitors to the Issuer</b>	Tokunbo Orimobi LP
<b>Rating Agency</b>	Global Credit Rating Co. Limited
<b>Reporting Accountants</b>	Ernst & Young
<b>Registrar</b>	CardinalStone Registrars Limited
<b>Receiving Bank</b>	First Bank of Nigeria Limited

## **APPENDIX D: DOCUMENTS AVAILABLE FOR INSPECTION**

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Copies of the following documents may be inspected at the offices of Issuing Houses during normal business hours on any weekday (except public holidays) from the date of issuance of this Pricing Supplement:

- (a) The Certificate of Incorporation of the Issuer and the Sponsor;
- (b) The Memorandum and Articles of Association of the Issuer and the Sponsor;
- (c) The Board Resolution of the Sponsor dated October 4, 2019 authorizing the Series 2 Bond;
- (d) The Board Resolution of the Issuer dated November 22, 2019 authorizing the Series 2 Bond;
- (e) The audited consolidated financial statements of the Sponsor for each of the years ended 31 December - 2016, 2017 & 2018;
- (f) The Shelf Prospectus dated August 16, 2017;
- (g) Programme Trust Deed dated August 16, 2017 executed between LAPO MFB SPV PLC, LAPO Microfinance Bank Limited and FBN Trustees Limited in respect of the Programme;
- (h) Deed of Covenant dated August 16, 2017 by LAPO Microfinance Bank Limited in respect of the Programme;
- (i) Master Bond Purchase Agreement dated August 16, 2017 executed between LAPO MFB SPV PLC, LAPO Microfinance Bank Limited and FBN Trustees Limited in respect of the Programme;
- (j) This Pricing Supplement;
- (k) The Series 2 Bond Trust Deed dated 30 March 2020;
- (l) The list of outstanding claims and litigation together with the Opinion of the Solicitors to the Issue prepared thereon;
- (m) The written consents of parties referred to on page 26;
- (n) Letter from the SEC approving the Offer; and
- (o) Letters of approval from the NSE and FMDQ



GLOBAL CREDIT RATING CO.  
Local Expertise • Global Presence

## LAPO Microfinance Bank Limited

### Nigeria Bank Analysis

November 2019

Rating class	Rating scale	Rating	Rating outlook	Expiry date
Long-term	National	BBB <sup>+</sup> <sub>(NG)</sub>	Stable	October 2020
Short-term	National	A2 <sub>(NG)</sub>		

#### Financial data:

(USDm comparative)

	31/12/17	31/12/18
NGN/USD (avg.)*	305.3	305.6
NGN/USD (close)*	305.5	306.5
Total assets	220.5	223.6
Total capital	52.8	58.5
Net advances	168.3	184.1
Liquid assets	41.0	28.4
Operating income	89.7	86.2
Profit after tax	12.8	9.5
Market capitalisation	Not applicable.	
Market share**	26.1%	

\* CBN rate.

\*\*Based on total subsector loans and advances at 31 December 2018.

#### Rating history:

##### Initial rating (July 2017)

Long term rating: BBB<sup>+</sup><sub>(NG)</sub>

Short term rating: A2<sub>(NG)</sub>

Rating outlook: Stable

##### Last rating (December 2018)

Long term rating: BBB<sup>+</sup><sub>(NG)</sub>

Short term rating: A2<sub>(NG)</sub>

Rating outlook: Stable

#### Related methodologies/research:

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

Global Criteria for Rating Microfinance Institutions, Updated March 2017

Glossary of Terms/Ratios, February 2016

#### GCR contacts:

##### Primary Analyst

Julius Adekeye  
Senior Credit Analyst  
adekeye@globalratings.net

##### Committee Chairperson

Dave King  
king@globalratings.net

Analyst location: Lagos, Nigeria

Tel: +23 41 904-9462-3

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

#### Summary rating rationale

- The ratings accorded to LAPO Microfinance Bank Limited ("LAPO Mfb" or "the bank") were supported by its strong competitive position as one of the dominant players in the Nigeria microfinance banking space (accounted for around 16.2% of the industry total assets at 31 December 2018), strong capitalisation, stable funding and adequate liquidity, partly offset by the degenerated risk position.
- LAPO Mfb has sustained strong capitalisation metrics in the five year period to FY18. Internal capital generation saw the bank's total shareholders' funds grow 11.1% to N17.9bn at FY18, translating to a risk weighted capital adequacy ratio ("RWCAR") of 28.5% (surpassing the 10% statutory floor by a wide margin and translating to 3.5x the new minimum capital for the bank's licence category). Management's plan to further recapitalise the bank in the immediate future is likewise considered positive.
- LAPO Mfb's financial performance was constrained by revenue decline and uptick in both impairment charge and operating expenses in FY18. Specifically, the extension of the Bank Verification Number ("BVN") requirement to the microfinance banks ("MFB") by Central Bank of Nigeria ("CBN") resulted in a slowdown in MFBs activities in the early part of FY18. Consequently, total operating income ("TOI") declined 3.8% to N26.3bn. Impairment charge and operating expenses grew by 4.5% and 2.3% respectively, eroding pre-tax profit to 72.3% of the FY17 level. Performance was fairly in line with budget at the pre-tax level in the nine-month period to 30 September 2019. Although TOI lagged budget by annualised 15.4%, favourable variance in operating expenses augmented performance at the pre-tax level to 96.2% of the full year budget.
- LAPO Mfb, as with other peers, is vulnerable to the tough macro-economic condition in Nigeria, recording a 130 basis points rise in non-performing loans ("NPL") ratio to 9.8% at FY18. However, arrears coverage is considered satisfactory, with the net NPLs to capital ratio standing at an acceptable level of 4.2% at the balance sheet date.
- Liquidity risk appears well managed, with LAPO Mfb's key liquidity metrics comparing favourably with regulatory requirements. In particular, LAPO Mfb's statutory liquidity ratio ranged from 26% to 53% throughout FY18 (ending the year at 28%), compared to the 20% statutory benchmark. The matching of the bank's assets and liabilities maturities at FY18 showed good liquidity buffer across the within one year's maturity bands, with liquidity buffer amounting to N12.6bn in the most critical less than three months maturity band. Additionally, stable funding in the form of equity and member deposits further lessens liquidity risk.

#### Factors that could trigger a rating action may include

**Positive change:** A satisfactory improvement in the bank's asset quality position and financial performance could trigger a positive rating action.

**Negative change:** A negative rating action may follow a significant deterioration in asset quality and profitability.

## LAPO MFB SPV Plc N20bn Debt Issuance Programme (Series 2 Bonds)

Nigeria Bond Analysis

November 2019

Security class	Amount	Rating Scale	Rating*	Outlook	Expiry date
Senior Unsecured	N6.2bn	National	BBB <sup>+</sup> <sub>(NG)</sub>	Stable	May 2020

**Key Counterparties:****Issuer:**

LAPO MFB SPV Plc

**Sponsor:**

LAPO Microfinance Bank Limited

Sponsor's long-term national scale credit rating: BBB<sup>+</sup><sub>(NG)</sub>**Lead Issuing House**

FBNQuest Merchant Bank Limited

**Joint Issuing House**

Coronation Merchant Bank Limited

**Trustee:**

FBNQuest Trustee Limited

**Summary of Transaction:**

<b>Programme limit:</b>	N20.0bn
<b>Issued Amount - Series 1:</b>	N3.15bn
<b>Current issue: - Series 2:</b>	N6.2bn
<b>Tenor:</b>	Set per Series
<b>Coupon:</b>	13%

**Rating History:****Initial/ last rating\* (November 2019)**Long term: BBB<sup>+</sup><sub>(NG)</sub>

Rating outlook: Stable

\* Indicative rating.

**Related Methodologies/Research:**

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

Global Criteria for Rating Microfinance Institutions, updated March 2017

LAPO Mfb rating report, 2019

Glossary of Terms/Ratios, February 2016

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**Transaction summary**

The Series 2 Bonds are being issued under LAPO MFB SPV Plc's ("the Issuer") N20bn Debt Issuance Program ("DIP"). The Issuer is permitted through a resolution of its Board of Directors ("board") dated 26 September 2016, to issue the Bonds in tranches, different forms, and under different terms and conditions as the board may deem fit, subject to the approval of the relevant regulatory authorities. Accordingly, the Series 2 Bonds will constitute direct, unsubordinated and unsecured obligations of the Issuer.

The Series 2 Bonds are the second series of Bonds to be issued under the Issuer's DIP. The first series of Bonds (Series 1 Bonds) were issued in December 2017, with an aggregate sum of N3.15bn raised under the Issue.

The indicative rating accorded to the Series 2 Bonds relate to ultimate payment of interest and principal (as opposed to timely, akin to an expected loss rating, which is a function of probability of default and loss severity).

**Summary rating rationale**

- Notwithstanding that the Series 2 Bonds are being issued by LAPO MFB SPV Plc, repayment of the obligations under the Issue ultimately depends on the performance of LAPO Microfinance Bank Limited ("LAPO Mfb" or "the bank" or "the Sponsor"), as the direct obligor of the Issue. The Sponsor irrevocably and unconditionally undertakes to the Trustee the due and punctual payment in accordance with the Trust Deed of the principal of and interest on all Bonds and of any other amounts payable by the Issuer under the Trust Deed. Consequently, cognisance must be taken of LAPO Mfb's credit profile.
- The Sponsor's exposure to liquidity risk is low, with its key liquidity metrics comparing favourably with regulatory requirement throughout the review period. Specifically, LAPO Mfb's statutory liquidity ratio ranged from 26% to 53% throughout FY18 (ending the year at 28%), compared to the 20% statutory benchmark. The matching of the bank's assets and liabilities maturities at FY18 showed good liquidity buffer across the within one year's maturity bands, with liquidity buffer amounting to N12.6bn in the most critical less than three months maturity band. However, LAPO Mfb's financial performance was constrained by revenue decline and uptick in both impairment charge and operating expenses in FY18. In particular, the extension of the Bank Verification Number ("BVN") requirement to the microfinance banks ("MFB") by Central Bank of Nigeria ("CBN") resulted in a slowdown in MFBs activities in the early part of FY18. Consequently, total operating income ("TOI") declined 3.8% to N26.3bn. Impairment charge and operating expenses grew by 4.5% and 2.3% respectively, eroding pre-tax profit to 72.3% of the FY17 level.
- Cognisance has also been taken of the unsubordinated and unsecured nature of the Bonds ("LAPO Mfb Notes") to be issued to the Issuer by the Sponsor, which will rank at par with all senior unsecured indebtedness and the claims of depositors of the bank. Accordingly, the Series 2 Bonds have been accorded an *indicative, public national scale long-term rating* of BBB<sup>+</sup><sub>(NG)</sub>, in line with the Sponsor's rating.

**Factors that could trigger a rating action may include:**

**Positive change:** Timely honouring of the Issuer's obligations under the Issue is dependent on the performance of the Sponsor. Hence, the accorded rating would be sensitive to a positive rating action on the Sponsor.

**Negative change:** Non-compliance with covenants, and/or a downgrade of the Sponsor's rating, could trigger a negative rating action.

\* Indicative rating and outlook, to be converted to a final rating and outlook upon the receipt of all final transaction documents.




# APPENDIX G: EXTRACTS OF HISTORICAL FINANCIAL STATEMENT

## LAPO MICROFINANCE BANK LIMITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 9 MONTHS ENDED 30TH SEPTEMBER, 2019

		30 September, 2019
		Unaudited
	Notes	N'000
<b>Gross Income</b>		<b>24,697,631</b>
Interest income	1	24,474,518
Interest expense	1	(2,830,061)
<b>Net interest income</b>		<b>21,644,457</b>
Other income	2	223,114
<b>Total income</b>		<b>21,867,571</b>
Net impairment loss on financial and other assets	3	(995,654)
<b>Income after net impairment loss on financial assets</b>		<b>20,871,916</b>
Personnel expenses	4	(8,146,349)
Depreciation of property, plant and equipment	12	(691,626)
Amortisation of intangible assets	13	(58,122)
Other operating expenses	5	(7,104,073)
<b>Total expenses</b>		<b>(16,000,171)</b>
<b>Profit before income tax</b>		<b>4,871,746</b>
Income tax expense		(1,607,676)
<b>Profit for the period</b>		<b>3,264,070</b>
Other comprehensive income, net of income tax		
Total comprehensive income for the period		3,264,070
Profit attributable to:		
Owners of the Microfinance Bank		3,264,070
Profit for the period		3,264,070
Total comprehensive income attributable to:		
Owners of the Microfinance Bank		3,264,070
Total comprehensive income for the period		3,264,070
Basic and diluted earnings per share (kobo)	6	82 =

# APPENDIX G: EXTRACTS OF HISTORICAL FINANCIAL STATEMENT

	Notes	Sep-19 N'000
<b>ASSETS</b>		
Cash and Bank balances	7	6,691,590
Financial assets held to maturity	8	3,280,060
Placement with banks and other financial Institutions	9	1,324,186
Loans and advances to customers	10	57,532,248
Other assets	11	1,063,560
Property and equipment	12	2,899,738
Intangible assets	13	80,710
Long Term Investments	14	5,990
<b>TOTAL ASSETS</b>		<b>72,878,083</b>
<b>LIABILITIES</b>		
Deposits from customers	15	33,120,606
Borrowed funds	19	14,458,176
Current income tax liability	16	2,497,294
Deferred tax liabilities	17	167,286
Other liabilities	18	2,640,428
<b>TOTAL LIABILITIES</b>		<b>52,883,790</b>
<b>EQUITY</b>		
Share capital	20	2,000,000
Retained earnings	21	14,226,011
Statutory reserve	22	3,768,282
<b>TOTAL EQUITY</b>		<b>19,994,293</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>72,878,083</b>

  
 Godwin Ehigiamusoe  
 Managing Director  
 FRC/2014/IODN/00000008486

  
 Stanley Oriakhi  
 Chief Finance Officer  
 FRC/2016/ICAN/00000014481



  
 NOTARISED & ATTESTED BY ME  
**ADEYEMI A. AJAYI**  
 Barrister, Solicitor & Notary Public  
 080-52027357 / 080-69821207  
 20/11/19



## APPENDIX G: EXTRACTS OF HISTORICAL FINANCIAL STATEMENT

### LAPO MICROFINANCE BANK LIMITED STATEMENT OF CASHFLOWS FOR THE 9 MONTHS ENDED 30TH SEPTEMBER, 2019



	<b>30 September, 2019</b>
	<b>Unaudited</b>
	<b>N'000</b>
Profit for the period:	3,264,070
Adjustments for:	
Depreciation of property and equipments	691,626
Amortisation of intangible assets	58,122
Net impairment loss on loans and advances	995,162
Net impairment on other assets	492
Allowance for other asset written off	0
(Profit)/loss on disposal of property and equipment	(645)
Exchange loss/(gain)	(23,399)
Net interest income	(21,644,457)
Income tax expense	1,607,676
	(15,051,352)
Change in loans and advances to customers	(1,102,961)
Change in other assets	(222,545)
Change in deposits from customers	2,356,304
Company Income tax paid	(1,645,652)
Change in other liabilities	114,151
	(15,552,056)
Interest received	24,474,518
Interest paid	(2,830,061)
Net cash (used in)/ provided by operating activities	6,092,401
<b>Cash flows from investing activities</b>	
Purchase of treasury bills	(184,411)
Net movement in placement with banks and other financial Institution	-
Purchase of property and equipment	(1,149,504)
Long term investments	(5,990)
Proceeds from the sale of property and equipment	-
Purchase of intangible assets	(10,267)
Net cash used in investing activities	(1,350,172)
<b>Cash flows from financing activities</b>	
Decrease/Increase in borrowed funds	6,923,106
Repayment of borrowings	(8,092,724)
Dividend paid	(1,080,000)
Share proceeds	-
Net cash provided by financing activities	(2,249,618)
Net increase in cash and cash equivalents	2,492,612
Cash and cash equivalents at beginning of year	5,523,165
Cash and cash equivalents at end of year	8,015,777
	8,015,776



## APPENDIX G: EXTRACTS OF HISTORICAL FINANCIAL STATEMENT

### LAPO MICROFINANCE BANK LIMITED NOTES TO THE ACCOUNT FOR THE 9 MONTHS ENDED 30TH SEPTEMBER, 2019

	30 September, 2019 2019 N'000
<b>1 Net interest income</b>	
Interest income	
Cash and Bank balances	139
Placement	68,501
Treasury bills	350,099
Loans and advances to customers and fees	24,055,779
<b>Total interest income</b>	<b>24,474,518</b>
Interest expense	
Deposit from customers	838,004
Fee and commission expense	134,462
Borrowed funds	1,857,595
<b>Total interest expense</b>	<b>2,830,061</b>
<b>Net interest income</b>	<b>21,644,457</b>
<b>2 Other income</b>	
Foreign exchange gain	23,399
Gain on disposal of property and equipment	645
Bad debts recovered	4,622
Sale of passbook	9,663
E-business	11,673
Commission income	7,484
Other income	165,648
	223,114
<b>3 Net impairment loss on financial assets</b>	
Impairment loss on financial assets	995,162
Impairment loss/write back on other assets	
Allowance for Other Assets	492
	995,654
<b>4 Personnel expenses</b>	
	30 June 2019 N'000
Wages and salaries	7,649,819
Contributions to defined contribution plans	496,530
Other staff costs	-
	8,146,349

## APPENDIX G: EXTRACTS OF HISTORICAL FINANCIAL STATEMENT

### LAPO MICROFINANCE BANK LIMITED NOTES TO THE ACCOUNT FOR THE 9 MONTHS ENDED 30TH SEPTEMBER 2019

	Number
(b) Number of Directors	
Non-executive	6
Executive	3
	<u>9</u>

	30 September 2019 N'000
<b>5 Other operating expenses</b>	
Insurance premium	572,218
Rent and rates	423,798
Training	359,140
Repairs and maintenance	1,128,801
Software and connectivity expenses	631,524
Travelling	1,479,023
Professional fees	160,645
Foreign exchange loss	0
Auditor's remuneration	-
Directors emoluments	16,169
Programme meeting expenses	219,863
AGM expenses	845
Office maintenance & Cleaning expenses	297,015
Printing and stationeries	289,073
Telephone and emails	310,766
Advertising and business promotion	105,942
Security expenses	238,983
Bank charges	188,124
Scholarship Programme expenses	20,083
ITF Levy	81,711
Bad debt written off	443,081
General administrative expenses	137,268
	<u>7,104,073</u>

#### 6 Basic Earnings per share

Issued ordinary shares at beginning of year ('000)	4,000,000
Effect of shares issued during the year ('000)	
Weighted average number of ordinary shares at end of year ('000)	4,000,000
Profit attributable to ordinary shareholders	
Profit for the year attributable to equity holders of the Bank (N'000)	3,264,070
Basic earnings per share (in kobo)	82

The Microfinance Bank does not have any dilutive potential ordinary shares.  
Therefore, Basic EPS and

Diluted EPS for continuing operations are the same for the Microfinance Bank.

## APPENDIX G: EXTRACTS OF HISTORICAL FINANCIAL STATEMENT

### LAPD MICROFINANCE BANK LIMITED NOTES TO THE ACCOUNT FOR THE 9 MONTHS ENDED 30TH SEPTEMBER 2019

<b>7 Cash and Bank balances</b>	30 September 2019 N'000
Cash in hand	560,868
Balances with banks	6,130,722
	<b>6,691,590</b>
<b>8 Treasury bills</b>	
Treasury bills	<b>3,280,060</b>
<b>9 Placement with banks and other financial Institutions</b>	
Money market placements with 90days maturity	1,324,186
Money market placements with more than 90days maturity	
	<b>1,324,186</b>
<b>10 Loans and advances to customers</b>	30 September 2019 N'000
Microfinance loans	63,198,466
Staff loan	659,070
Less Impairments	(6,325,288)
	<b>57,532,248</b>
<b>11 Other assets</b>	
Prepayments	712,414
Due from insurance company	184,427
Stock of stationary	840
Other receivables	251,270
	1,148,951
Specific allowances for impairment on other assets	(85,391)
	<b>1,063,560</b>
<b>12 Property and equipment</b>	30 September 2019 N'000
<b>Leasehold Land</b>	
Cost	746,933
Additions	646,644
Disposal	
Accumulated Depreciation	-
Carrying amounts(Net book Value)	<b>1,393,577</b>
<b>Motor Vehicles</b>	
Cost	318,742
Additions	
Disposal	(2,228)
Accumulated Depreciation	(261,251)
Carrying amounts(Net book Value)	<b>55,263</b>
<b>Computer equipment</b>	
Cost	1,817,946
Additions	321,713
Disposal	
Accumulated Depreciation	(1,506,084)
Carrying amounts(Net book Value)	<b>633,575</b>

## APPENDIX G: EXTRACTS OF HISTORICAL FINANCIAL STATEMENT

### LAPO MICROFINANCE BANK LIMITED NOTES TO THE ACCOUNT FOR THE 9 MONTHS ENDED 30TH SEPTEMBER 2019

	30 September 2019 N'000
<b>Plant and equipment</b>	
Cost	1,379,214
Additions	87,283
Disposal	
Accumulated Depreciation	(1,038,190)
Carrying amounts(Net book Value)	<u>428,307</u>
<b>Furniture and Fittings</b>	
Cost	1,458,158
Additions	93,864
Disposal	
Accumulated Depreciation	(1,163,006)
Carrying amounts(Net book Value)	<u>389,016</u>
<b>Total Property and equipment</b>	
Cost	5,720,993
Addition	1,149,504
Disposal	(2,228)
Accumulated Depreciation	(3,968,531)
Property and equipment	<u>2,899,738</u>
<b>13 Intangible assets</b>	
Computer	30 September 2019 N'000
Cost	1,475,669
Addition	10,267
Accumulated Amortisation and impairment losses	(1,405,226)
Carrying amounts(Net book Value)	<u>80,710</u>
<b>14 LONG TERM INVESTMENT UNQUOTED SHARES</b>	
	30 September 2019 N'000
MICRO FINANCE DEVELOPMENT COMPANY LTD	5,000
LAPO MFB SPV	990
	<u>5,990</u>
<b>15 Deposits from customers</b>	
	30 September 2019 N'000
Savings deposits	30,547,441
Term deposits	2,573,165
	<u>33,120,606</u>
<b>16 Current income tax liability</b>	
At 1 January	2,704,008
Charge for the year	1,607,677
Adjustments	-168,739
Payment during the year	(1,645,652)
	<u>2,497,294</u>
<b>17 Deferred tax liabilities</b>	
Movement in temporary differences during the year	
At 1 January	139,287
Charge for the year to SOCI	27,999
At 31 December	<u>167,286</u>

## APPENDIX G: EXTRACTS OF HISTORICAL FINANCIAL STATEMENT

### LAPO MICROFINANCE BANK LIMITED NOTES TO THE ACCOUNT FOR THE 9 MONTHS ENDED 30TH SEPTEMBER 2019

	30 September 2019 N'000
<b>18 Other liabilities</b>	
Liability for defined contribution obligations	193,237
Micro insurance payable	325,555
Clients' unclaimed funds	84,926
Accruals	783,747
Statutory deductions (PAYE, NHF, WHT)	203,864
Benefits due to clients	162,816
Account payable	886,284
	<u>2,640,428</u>
<b>19 Borrowed funds</b>	
a Short Term Borrowings	3,965,539
b Long Term Borrowings	<u>10,492,637</u>
	<u><b>14,458,176</b></u>
<b>a Short Term Borrowings</b>	
Access Bank	992,502
FIDELITY	462,717
First bank	990,944
Union Bank Plc	1,030,484
United Bank for Africa Plc	488,893
	<u>3,965,539</u>
<b>b Long Term Borrowings</b>	
Standard Chartered Bank Nigeria Limited	698,64
Lotus Capital	221,266
Development Bank of Nigeria	2,362,354
PlaNis/ResponsAbility Global Microfinance Fund	14,754
First bank	2,797,043
Partners for Development	162,363
International Finance Corporation ( IFC )	934,543
Althitea	66,742
Bond	3,247,322
Agence Francaise De Developpment	202,133
FMO	33,919
Central Bank of Nigeria	99,335
AfDB	-
Bank of Industry	102,268
Blue Orchard	-
FCMB	247,895
	<u>10,492,637</u>
<b>20 Capital and reserves</b>	
(a) Share capital	
	30 September 2019 N'000
(i) Authorised	
4,000,000,000 ordinary shares of N0.50k each	<u>2,000,000</u>
Issued and fully-paid up	
(ii) 4,000,000,000 ordinary shares at N0.50k each	<u>2,000,000</u>
At 1 January	
Shares issued during the year	2,000,000
Issued and fully paid	
Bonus share issue	<u>2,000,000</u>



## APPENDIX G: EXTRACTS OF HISTORICAL FINANCIAL STATEMENT

**LAPO MICROFINANCE BANK LIMITED**  
**NOTES TO THE ACCOUNT**  
**FOR THE PERIOD ENDED 30TH SEPTEMBER 2019**

**21 Retained Earnings**

At 1 January  
 Profit/(Loss) for the period  
 Transfer from/to Regulatory Risk Reserve  
 Transfer from/to Statutory Reserve  
 Adjustment IFRS  
 Dividend

**22 Statutory reserve**

At 1 January  
 Transfer from/to Statutory Reserve



30 September 2019 N'000
12,312,173
3,264,070
(286,276)
136,044
(1,200,000)
14,226,011
3,482,006
286,276
3,768,282



*Adeyemi A. Ajayi*  
 NOTARISED & ATTESTED BY ME  
**ADEYEMI A. AJAYI**  
 Barrister, Solicitor & Notary Public  
 080-52027357, 080-69821207  
 20th/11/19



## APPENDIX H: PROCEDURE FOR APPLICATION AND ALLOTMENT

### 1. Invitation for Participation

Qualified Investors are hereby invited to participate in the Issue through any of the Issuing Houses/Book Runners, who are also acting as Receiving Agents for the Offer.

- 1.1 The Book Build opens on 11 February 2020, and closes on 24 February 2020. Orders must be for a minimum of ₦20,000,000 (twenty million Naira) and in integral multiples of ₦1,000 (one thousand Naira) thereafter.
- 1.2 Participation Amount(s) and Bid Coupon Rate(s) ("Orders") should be entered in the space provided in the prescribed Commitment Form (Appendix H) attached to this Pricing Supplement.
- 1.3 By completing and submitting the Commitment Form, each Applicant hereby agrees that the Order is irrevocable and, to the fullest extent permitted by law, the obligations in respect thereof shall not be capable of rescission or termination by any Applicant.
- 1.4 Applicants may place order for the Bonds at any price within the price range subject to the Minimum Participation Amount and the terms and conditions stated on the Commitment Form.
- 1.5 A corporate Applicant should affix its official seal in the box provided and state its incorporation (RC) number or, in the case of a corporate foreign subscriber, its appropriate identification/incorporation number in the jurisdiction in which it is constituted.
- 1.6 An individual Applicant should sign the declaration and write his/her full name, address and daytime telephone number on the Commitment Form. Joint applicants must all sign the Commitment Form.
- 1.7 Upon the completion and submission of the Commitment Form, the Applicant is deemed to have authorized the Issuer and the Issuing Houses/Book Runners to effect the necessary changes in the Pricing Supplement as would be required for the purposes of filing an application for the clearance and registration of the final Pricing Supplement with the SEC. The Commitment Form shall be considered as the Application Form for the purposes of registration of the final Pricing Supplement with the SEC.
- 1.8 The Commitment Form presents the Applicant with the choice to bid for up to three optional Bid Coupon Rates within the Price Range and to specify the Participation Amount in each option. The Bid Coupon Rates and the Participation Amounts submitted by the Applicant in the Commitment Form will be treated as optional demands from the Applicant and will not be cumulated.
- 1.9 After determination of the Coupon Rate, the maximum Participation Amount specified by an Applicant at or below the Clearing Price will be considered for allocation and the rest of the order(s), irrespective of the corresponding Bid Coupon Rate(s), will become automatically invalid.
- 1.10 The Issuer in consultation with the Book Runners reserves the right not to proceed with the Offer at any time including after the Book Building opening date but before the Allotment Date without assigning any reason thereof, subject to notifying the Commission.

### 2. Payment Instructions

Successful Applicants should ensure that payment of the Participation Amounts is received on the **Completion Meeting Date** via the CBN Real Time Gross Settlement ("RTGS") or NIBSS Electronic Fund Transfer ("NEFT") into the following designated Issue Proceeds Account domiciled with the Receiving Bank:

Account Name	Bank	Account Number
<b>LAPO MFB SPV PLC SERIES 2 BOND PROCEEDS ACCOUNT</b>	First Bank of Nigeria Limited	2035038272

## PROCEDURE FOR APPLICATION AND ALLOTMENT

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### 3. Allocation/Allotment

- 3.1 On the Pricing Date, the Issuing Houses will analyze the demand of submitted bids and in consultation with the Issuer, finalize the allocations to each Applicant. Allocation Confirmation Notices will be sent to successful Applicants thereafter.
- 3.2 The members of the Board of Directors of the Sponsor and the Issuer and the Issuing Houses reserve the right to accept or reject any application for not complying with the terms and conditions of the Issue.
- 3.3 Upon clearance of the final Pricing Supplement by the SEC, allotment shall be effected in dematerialized (uncertificated) form. Applicants will receive the Bonds in dematerialized form and are mandatorily required to specify their CSCS Account Number, clearing house number ("CHN"), and member code in the spaces provided on the Commitment Form. Allotment of Bonds in dematerialized form shall be effected not later than 15 (fifteen) Business Days from the Allotment Date, subject to the provision of accurate / correct information.




Applicants must ensure that the name specified in the Commitment Form is exactly the same as the name in which the CSCS Account Number is held. Where the application is submitted in joint names, it should be ensured that the beneficiary's CSCS Account is also held in the same joint names and are in the same sequence in which they appear in the Commitment Form.

### 4. Bank Account Details

- 4.1 Applicants are required to indicate their bank account details in the space provided on the Commitment Form for the purposes of future payments of Coupon and the Principal Amount.
- 4.2 Applicants are advised to ensure that bank account details stated on the Commitment Form are correct as these bank account details shall be used by the Registrar for all payments indicated in 4.1 above in connection with the Bonds.
- 4.3 Failure to provide correct bank account details could result in delays in credit of such payments or, where applicable, issuance of cheques/warrants which shall be sent by registered post to the specified addresses of the affected investors. The Issuer, Sponsor, Issuing Houses, Receiving Bank, Trustee and Registrar shall not have any responsibility following posting of cheques/warrants nor will any of these specified parties undertake any liability for the same as the postal authority shall be deemed to be the agent of the Applicant for the purposes of all cheques posted.



## APPENDIX I: COMMITMENT FORM

<b>Book Building Opening Date</b> February 11, 2020	ON BEHALF OF  <b>LAPO Microfinance Bank</b> <small>improving lives</small> <b>LAPO MFB SPV PLC</b> <small>RC 1363556</small> <b>Offer for Subscription</b> <b>Up to N6,200,000,000</b> <b>13% Fixed Rate Series 2 Senior Unsecured Bonds Due 2025</b> <b>Under the N20,000,000,000 Debt Issuance Programme</b> Issue Price : N1,000 per unit <b>PAYABLE IN FULL ON APPLICATION</b>	<b>Book Building Closing Date</b> February 24, 2020
<b>LEAD ISSUING HOUSE:</b>  <b>JOINT ISSUING HOUSE:</b> 		
Orders must be made in accordance with the instructions set out in the Shelf Prospectus and Pricing Supplement. Care must be taken to follow these instructions as applications that do not comply may be rejected. If in doubt, please consult your Stockbroker, Accountant, Banker, Solicitor or any professional adviser for guidance.		
<b>Please complete all relevant sections of this Form USING BLOCK LETTERS WHERE APPLICABLE</b>		
<b>PARTICIPANT STATUS (PLEASE TICK <input checked="" type="checkbox"/>)</b>	<b>DATE (DD/MM/YYYY)</b> <div style="border: 1px solid black; padding: 2px; display: flex; justify-content: space-around;"> <span></span><span></span><span>/</span><span></span><span></span><span>/</span><span>2</span><span>0</span><span>2</span><span>0</span> </div>	<b>CONTROL NO. (FOR REGISTRARS' USE ONLY)</b> <div style="border: 1px solid black; padding: 2px; display: flex; justify-content: space-around;"> <span></span><span></span><span></span><span></span><span></span><span></span><span></span><span></span><span></span><span></span><span></span><span></span><span></span><span></span><span></span><span></span> </div>
<input type="checkbox"/> High Networth Investors <input type="checkbox"/> Fund Managers <input type="checkbox"/> Pension Fund Administrators <input type="checkbox"/> Insurance Companies <input type="checkbox"/> Investment/Unit Trusts <input type="checkbox"/> Multilateral/Bilateral Inst. <input type="checkbox"/> Market Makers <input type="checkbox"/> Staff Schemes <input type="checkbox"/> Trustees/Custodians <input type="checkbox"/> Stock-broking Firms <input type="checkbox"/> Resident Corporate Investors <input type="checkbox"/> Non-Residential Investors <input type="checkbox"/> Hedge Funds <input type="checkbox"/> Banks	<b>Declaration</b> <input checked="" type="checkbox"/> I/We hereby confirm that I am/ we are qualified persons to participate in this Bond Issue in accordance with applicable SEC Rules and Regulations. <input checked="" type="checkbox"/> I/We confirm that I/we have read the Shelf Prospectus dated August 16, 2017 and the Pricing Supplement and that my/our Order(s) is/are made on the terms set therein. <input checked="" type="checkbox"/> I/We have the requisite knowledge, skill and experience in business, financial and investment matters. I/We am/are, thus, capable of evaluating the merits and risks of an investment in the Issue. <input checked="" type="checkbox"/> I/We have made an independent evaluation and judgment of all merits and risks before investing in the Issue and to the extent necessary, I/We have also made my/our own legal, tax, accounting and financial evaluation of the merits and risks of investing in the Issue. <input checked="" type="checkbox"/> I/We hereby irrevocably undertake and confirm my/our Order(s) for the Bonds equivalent to my/our Participation Amount (s) set below at the fixed Coupon Rate. <input checked="" type="checkbox"/> I/We authorise the Issuer to make the necessary changes in the Prospectus for filing of the final Prospectus with the SEC without intimation to me/us and use this Commitment Form as the Application Form for the purpose of this Issue. <input checked="" type="checkbox"/> I/We note that the Issuer and the Issuing Houses are entitled in their absolute discretion to accept or reject this Order. <input checked="" type="checkbox"/> I/We agree to accept the Participation Amount as may be allocated to me/us subject to the terms in the Pricing Supplement. <input checked="" type="checkbox"/> I/We authorise you to enter my/our name on the Register of Holders as holders of the Bonds that may be allotted to me/us and to register my/our address as given below. By signing this Commitment Form, I/We make this Declaration, believing same to be true.	
<b>PARTICIPANT DETAILS (INDIVIDUAL/CORPORATE/JOINT)</b>		
Participants have to make orders on the commitment form and such orders shall not be considered as multiple applications. All orders must be for a minimum amount of N20,000,000 (Twenty Million Naira) and in multiples of N1,000 (One Thousand Naira) thereafter.		
<b>ORDER 1</b>		
<b>Participation Amount (Minimum amount of N20,000,000 and in multiple of N1,000 thereafter)</b>		
<b>BID COUPON RATE (%)</b>		
IN FIGURES	N	
IN WORDS		

SEE NEXT PAGE

## COMMITMENT FORM

<b>ORDER 2</b>																										
<b>Participation Amount</b> (Minimum amount of N20,000,000 and in multiple of N1,000 thereafter)															<b>BID COUPON RATE (%)</b>											
IN FIGURES	N																									
IN WORDS																										
<b>ORDER 3</b>																										
<b>Participation Amount</b> (Minimum amount of N20,000,000 and in multiple of N1,000 thereafter)															<b>BID COUPON RATE (%)</b>											
IN FIGURES	N																									
IN WORDS																										
<b>PARTICIPATION DETAILS (INDIVIDUAL/CORPORATE/JOINT) (Please use one box for one alphabet leaving one box blank between first word and second)</b>																										
<b>SURNAME/CORPORATE NAME</b>																										
<b>FIRST NAME (FOR INDIVIDUALS ONLY)</b>															<b>OTHER NAMES (FOR INDIVIDUALS ONLY)</b>											
<b>JOINT APPLICANT'S FIRST NAME (IF APPLICABLE)</b>															<b>OTHER NAMES (FOR JOINT APPLICANT ONLY)</b>											
<b>CONTACT PERSON (FOR CORPORATE APPLICANT)/NEXT OF KIN (FOR INDIVIDUAL APPLICANT)</b>																										
<b>ADDRESS IN FULL (PLEASE DO NOT REPEAT APPLICANTS(S) NAME. POST BOX NO. ALONE IS NOT SUFFICIENT)</b>																										