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This Programme Memorandum has been prepared in accordance with the guidelines of the Central Bank of Nigeria ("CBN") Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers issued on September 11, 2019, and the CBN circular to all deposit money banks and discount houses dated July 12, 2016 on the Mandatory Registration and Listing of Commercial Papers (together the "CBN Guidelines") and the Commercial Paper Registration and Quotation Rules of the FMDQ Securities Exchange Limited ("FMDQ Exchange" or the "Exchange") in force as at the date hereof. The document is important and should be read carefully. If you are in any doubt about its content or the action to take, kindly consult your Stockbroker, Accountant, Banker, Solicitor or any other professional adviser for guidance immediately. This Programme Memorandum has been seen and approved by the Board and Management of Coronation Merchant Bank Limited who jointly and individually accept full responsibility for the accuracy of all information given.

# CORONATION

RC: 207138

CORONATION MERCHANT BANK LIMITED

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₦100,000,000,000.00

COMMERCIAL PAPER ISSUANCE PROGRAMME

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Coronation Merchant Bank Limited ("**Coronation MB**" or "**the Issuer**" or "**the Bank**"), a private company incorporated in Nigeria, has established this ₦100,000,000,000.00 Commercial Paper Issuance Programme (the "**CP Programme**"), under which Coronation MB may from time to time issue Commercial Paper Notes ("**CP Notes**" or "**Notes**"), denominated in NGN ("**Naira**") as may be agreed between the Issuer and each relevant Dealer and or the Arranger (as defined in the section entitled, "*Summary of the Programme*", in separate series or tranches subject to the terms and conditions ("**Terms and Conditions**") contained in this Programme Memorandum.

Each Series or Tranche (as defined under the Terms and Conditions) will be issued in such amounts, and will have such discounts, period of maturity and other terms and conditions as set out in the Pricing Supplement applicable to such series or tranche (the "Applicable Pricing Supplement"). The maximum aggregate nominal amount of all CP Notes from time to time outstanding under the CP Programme shall not exceed ₦100,000,000,000.00 over a three-year period that this Programme Memorandum, including any amendments thereto, shall remain valid.

This Programme Memorandum 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 or Tranche (as defined herein), together with the Applicable Pricing Supplement. This Programme Memorandum shall be read and construed on the basis that such documents are incorporated and form part of this Programme Memorandum.

This Programme Memorandum, the Applicable Pricing Supplement and the Notes have not been and will not be registered with the Securities and Exchange Commission, or under the Investment and Securities Act, No. 29 of 2007.

This Programme Memorandum has been prepared in accordance with the Central Bank of Nigeria Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers issued in September 11 2019, the CBN letter to all deposit money banks and discount houses dated July 12, 2016 on Mandatory Registration and Listing of Commercial Papers (together the "CBN Guidelines") and the Commercial Paper Registration and Quotation Rules (the "**Rules**") of FMDQ Securities Exchange Limited ("**FMDQ Exchange**") in force as at the date thereof.

The CP Notes will be issued in dematerialised form and shall be registered, quoted and traded via the FMDQ Exchange platform in accordance with the Rules, guidelines and such other regulation as may be prescribed by the CBN, FMDQ Exchange or any other recognized trading platform. The Notes will settle via the Central Securities Clearing System Plc ("**CSCS**")/ FMDQ Depository Limited ("**FMDQ Depository**"), acting as Registrars and Clearing Agent for the Notes.

This Programme Memorandum and the Applicable Pricing Supplement shall be the sole concern of the Issuer and the party to whom this Programme Memorandum and the Applicable Pricing Supplement is delivered (the "**Recipient**") and shall not be capable of distribution and should not be distributed by the Recipient to any other parties nor shall any offer made on behalf of the Issuer to the Recipient be capable of renunciation and assignment by the Recipient in favour of any other party.

In the event of any occurrence of a significant factor, material mistake or inaccuracy relating to the information included in this Programme Memorandum, the Issuer will prepare a supplement to this Programme Memorandum or publish a new Programme Memorandum for use in connection with any subsequent issue of CP Notes.

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ARRANGER & DEALER

# CORONATION

RC207138

This Programme Memorandum is dated 28<sup>th</sup> March 2022

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## GLOSSARY OF DEFINED TERMS

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

|  |   |
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| <b>“Agency Agreement”</b>                              | The Issuing, Placing, Paying And Collecting Agency Agreement dated on or about the date of this Programme Memorandum executed by the Issuer, the IPCA   |
| <b>“Applicable Pricing Supplement</b>                  | The pricing supplement applicable to a particular Series or Tranche issued under the CP Programme.  |
| <b>“Arranger”</b>                                      | Coronation Merchant Bank Limited  |
| <b>“Board” or “Directors”</b>                          | Board of Directors of Coronation Merchant Bank Limited  |
| <b>“Business Day”</b>                                  | Any day except Saturdays, Sundays and public holidays declared by the FGN on which commercial banks are open for business in Lagos, Nigeria   |
| <b>“Business Hours”</b>                                | 8.00am to 5.00pm on any Business Day.   |
| <b>“CBN”</b>   | Central Bank of Nigeria   |
| <b>“CBN Guidelines”</b>                                | CBN’s Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers, issued on 11 <sup>th</sup> September 2019, as amended or supplemented from time to time  |
| <b>“Coronation MB”, or “Issuer”</b>                    | Coronation Merchant Bank Limited  |
| <b>“Central Securities Depository” or “CSD”</b>        | means a specialist financial institution holding commercial papers either in certificated or uncertificated (dematerialised) forms so that ownership can be easily transferred through a book entry rather than the transfer of physical certificates   |
| <b>“CSCS” or the “Clearing System”</b>                 | Central Securities Clearing Systems PLC   |
| <b>“Commercial Paper”, “CP”, “CP Notes” or “Notes”</b> | Unsecured Commercial Paper Notes to be issued by the Issuer under the CP Programme in the form of short term zero-coupon notes  |
| <b>“Conditions” or “Terms and Conditions”</b>          | The terms and conditions, in accordance with which the Notes will be issued, set out in the section of this Programme Memorandum headed “Terms and Conditions of the Notes”   |
| <b>“CP Programme” or “Programme”</b>                   | The commercial paper programme described in this Programme Memorandum pursuant to which the Issuer may issue several separate Series or Tranches of Notes from time to time with varying maturities and discount rates provided, however, that the aggregate Face Value of Notes in issue does not exceed ₦100,000,000,000.00 |
| <b>“Clean CP”</b>                                      | A CP not backed by a guarantee or such other credit enhancement.  |
| <b>“Day Count Fraction”</b>                            | The method of calculating the discount/interest in respect of a Note as specified in the Applicable Pricing Supplement  |
| <b>“Dealers”</b>                                       | Coronation Merchant Bank Limited and/or any other additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer’s right to terminate the appointment of any Dealer   |
| <b>“Default Date”</b>                                  | The date on which the written notice of the Event of Default is served on the Issuer  |
| <b>“Default Rate”</b>                                  | The interest rate to be charged to the Issuer when repayments are overdue   |
| <b>“Eligible Investor” or “EI”</b>                     | An investor that is not a QII as defined in FMDQ Exchange Rules, that has executed a declaration attesting to his/her/its eligibility in the manner prescribed in FMDQ Exchange Rules. Clean CPs (i.e., CPs not backed by guarantees or such other credit enhancement) shall be sold to QIIs and EIs                          |
| <b>“Face Value”</b>                                    | The par value of the Notes  |
| <b>“FGN”</b>   | Federal Government of Nigeria   |
| <b>“FIRS”</b>  | Federal Inland Revenue Service  |
| <b>“FMDQ Exchange Rules”</b>                           | The FMDQ Exchange Commercial Paper Registration and Quotation Rules issued April 2021 (as may be amended from time to time) and such other  |

## GLOSSARY OF DEFINED TERMS

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|  | regulations (including but not limited to Market Bulletins) with respect to the issuance, registration and quotation of commercial papers as may be prescribed by FMDQ Exchange from time to time  |
| <b>"FMDQ Exchange" or "FMDQ Securities Exchange Limited"</b>     | A securities exchange and self-regulatory organisation licensed by the SEC, Nigeria to provide an efficient platform for the registration, listing, quotation, trading and reporting of securities and financial products, inter alia  |
| <b>"FMDQ Depository Limited" or "FMDQ Depository"</b>            | <b>a clearing system approved by the Issuer or as may otherwise be specified in the Applicable Pricing Supplement</b>  |
| <b>"Force Majeure"</b>   | Any event or circumstance (or combination of events or circumstances) that is beyond the control of the Issuer which materially and adversely affects its ability to perform its obligations as stated in the Conditions, which could not have been reasonably foreseen, including without limitation, nationwide strikes, national emergency, riot, war, embargo, legislation, acts of God, acts of terrorism, epidemics, pandemics, and industrial unrest. |
| <b>"Implied Yield"</b>   | The yield accruing on the Issue Price of a Note, as specified in the Applicable Pricing Supplement   |
| <b>"Issue Date"</b>  | The date upon which the relevant Series/Tranche of the Notes is issued as specified in the Applicable Pricing Supplement   |
| <b>"Issue Price"</b>   | The price at which the relevant Series/Tranche of the Notes is issued, as specified in the Applicable Pricing Supplement   |
| <b>"Issue Rate"</b>  | The Discount Rate at Issuance  |
| <b>"Issuing, Placing, Paying and Collecting Agent" or "IPCA"</b> | Coronation Merchant Bank Limited or any successor issuing, placing, paying and collecting agent in respect of the Notes, appointed by the Issuer in accordance with the Agency Agreement   |
| <b>"LFN"</b>   | Laws of the Federation of Nigeria  |
| <b>"Material Adverse Change"</b>                                 | A material adverse effect on the ability of the Issuer to perform and comply with its payment obligations under the CP Programme   |
| <b>"Maturity Date"</b>   | The date as specified in each Applicable Pricing Supplement on which the Principal Amount is due   |
| <b>"Naira", "NGN" or "₦"</b>                                     | The Nigerian Naira   |
| <b>"NIBOR"</b>   | Nigerian Inter-Bank Offered Rate   |
| <b>"Noteholder"</b>  | The several persons for the time being, whose names are shown in the records of the CSD and/or entered in the Register as holders of the Notes and shall include the legal and personal representatives or successors of the Noteholders and those entered as joint Noteholders  |
| <b>"PITA"</b>  | Personal Income Tax Act Cap P8, LFN 2004 (as amended by the Personal Income Tax (Amendment) Act No 20 of 2011, the Finance Act, 2019 and the Finance Act, 2020)  |
| <b>"Pricing Supplement" or "Applicable Pricing Supplement"</b>   | The document to be issued pursuant to the Programme Memorandum, which shall provide the final terms and conditions of a particular Series or Tranche of Notes issued under the CP Programme  |
| <b>"Principal Amount"</b>  | The nominal amount of each Note, due at maturity as specified in the Applicable Pricing Supplement   |
| <b>"Programme Memorandum"</b>                                    | This information memorandum dated 28 <sup>th</sup> March 2022 which sets out the aggregate size and broad terms and conditions of the CP Programme   |
| <b>"Qualified Institutional Investor" or "QII"</b>               | include banks, fund managers, pension fund administrators, insurance companies, investment/unit trusts, multilateral and bilateral institutions, registered private equity funds, registered hedge funds, market makers, staff schemes, trustees/custodians, stockbroking firms and any other category of investors as may be determined by the Securities and Exchange Commission from time to time. Clean CPs shall only be sold to QIIs & EIs             |
| <b>"Redemption Date"</b>   | The date as specified in each Applicable Pricing Supplement on which the Principal Amount is due   |
| <b>"Register"</b>  | A register or such registers as shall be maintained by the CSD in which are recorded details of Note holders   |
| <b>"Relevant Currency"</b>                                       | Naira  |
| <b>"Relevant Date"</b>   | The payment date of any obligation due on the Notes  |

**GLOSSARY OF DEFINED TERMS**

|                             |   |
|-----------------------------|---|
| <b>"Relevant Last Date"</b> | The date stipulated by CSCS and specified in the Applicable Pricing Supplement, after which transfer of the Notes will not be registered  |
| <b>"SEC"</b>                | The Securities & Exchange Commission  |
| <b>"Series"</b>             | A Tranche of Notes together with any further Tranche or Tranches of Notes 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 |
| <b>"NGX"</b>                | The Nigerian Exchange Limited   |
| <b>"Tranche"</b>            | Notes which are identical in all respects   |
| <b>"VAT"</b>                | Value Added Tax as provided for in the Value Added Tax Act, CAP VI, LFN 2004 (as amended by the Value Added Tax Act No 12 of 2007 and the Finance Act, No.11 of 2019 and the Finance Act, 2020)   |
| <b>"WHT"</b>                | Withholding Tax as provided for in section 78(2) of CITA and section 70 of PITA   |
| <b>"Zero Coupon Note"</b>   | A Note which will be offered and sold at a discount to its Face Value and which will not bear interest, other than in the case of late payment  |

## IMPORTANT NOTICES

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This Programme Memorandum contains information provided by the Issuer in connection with the CP Programme under which the Issuer may issue and have outstanding at any time Notes up to a maximum aggregate amount of ₦100,000,000,000.00 (One Hundred Billion Naira) The Notes shall be issued subject to the Terms and Conditions contained in this Programme Memorandum.

The Issuer shall not require the consent of the Note holders for the issue of Notes under the Programme.

The Issuer accepts responsibility for the information contained in this Programme Memorandum. To the best of its knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained or incorporated in this Programme Memorandum is correct and does not omit any material fact that is likely to affect the import of such information.

The Issuer, having made all reasonable enquiries, confirms that this Programme Memorandum contains or incorporates all information which is material in the context of the CP Programme and the offering of the Notes, that the information contained in this Programme Memorandum and the Applicable Pricing Supplement is true and accurate in all material respects and is not misleading and that there are no other facts, the omission of which would make this document or any of such information misleading in any material respect.

Notes issued under the Program shall be restricted to Qualified Institutional Investors and Eligible Investors who meet the qualification criteria prescribed by FMDQ Exchange from time to time.

No person has been authorised by the Issuer to give any information or to make any representation not contained or not consistent with this Programme Memorandum or any information supplied in connection with the CP Programme and if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, unless explicitly delivered by the Issuer.

Neither this Programme Memorandum nor any other information supplied in connection with the CP Programme is intended to provide a basis for any credit or other evaluation, or should be considered as a recommendation or the rendering of investment advice by the Issuer, the Dealers, or the Arranger that any recipient of this Programme Memorandum should purchase any Notes.

No representation, warranty or undertaking, express or implied is made and no responsibility is accepted by the Arranger, the Dealer, or other professional advisers as to the accuracy or completeness of the information contained in this Programme Memorandum or any other information provided by the Issuer. The Arranger, the Dealer and other professional advisers do not accept any liability in relation to the information contained in this Programme Memorandum or any other information provided by the Issuer in connection with the Programme.

Each person contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the credit worthiness, of the Issuer. Neither this Programme Memorandum nor any other information supplied in connection with the CP Programme (i) constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Notes, or (ii) is intended to provide a basis for any credit or other evaluation, or should be considered as a recommendation by the Issuer, the Arrangers or any other professional adviser to any recipient of this Programme Memorandum.

The delivery of this Programme Memorandum does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof. Investors should review, among other things, the most recent audited annual financial statements of the Issuer prior to taking any investment decision.

**FMDQ SECURITIES EXCHANGE LIMITED TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROGRAMME MEMORANDUM, NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THIS CP PROGRAMME, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROGRAMME MEMORANDUM.**

## INCORPORATION OF DOCUMENTS BY REFERENCE

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This Programme Memorandum should be read and construed in conjunction with:

1. Each Applicable Pricing Supplement relating to any Series or Tranche of Notes issued under the Programme;
2. The audited annual financial statements (and notes thereto) and any audited interim financial statements published subsequent to such annual financial statements of the Issuer for the financial years prior to each issue of Notes under this Programme and
3. Any supplements and/or amendments to this Programme Memorandum circulated by the Issuer from time to time in accordance with the Programme Memorandum,

which shall be deemed to be incorporated into, and to form part of, this Programme Memorandum and which shall be deemed to modify and supersede the contents of this Programme Memorandum as appropriate.

The Issuer may for so long as any Note remains outstanding, publish an amended and restated Programme Memorandum or a supplement to the Programme Memorandum on the occasion of any subsequent issue of Notes, where there has been:-

- (a) a material change in the condition (financial or otherwise) of the Issuer which is not then reflected in the Programme Memorandum or any supplement to the Programme Memorandum; or
- (b) any modification of the terms of the Programme, which would then make the programme materially inaccurate or misleading.

Any such new Programme Memorandum or Programme Memorandum as supplemented and/or modified shall be deemed to have been substituted for the previous Programme Memorandum or to have modified the previous Programme Memorandum from the date of its issue.

The audited financial statements shall be available on the website of the Issuer, <https://www.coronationmb.com>, unless such documents have been modified or superseded (and which documents may at the Issuer's option be provided electronically). Requests for such documents shall be directed to the Issuer or the Arranger at their specified offices as set out in this Programme Memorandum.

## SUMMARY OF THE PROGRAMME

*This summary information should be read in conjunction with the full text of this Programme Memorandum and the Applicable Pricing Supplement, from where it is derived. It does not purport to be complete and is taken from, and is qualified in its entirety by the remainder of this Programme Memorandum and the Applicable Pricing Supplement. The information below is a brief summary of the key features and summarized terms and conditions of the proposed CP Programme:*

|   |  |
|---|--|
| <b>Issuer:</b>  | Coronation Merchant Bank Limited   |
| <b>Auditors:</b>  | PWC  |
| <b>Currency of Issue:</b>                                     | Naira  |
| <b>Dealer:</b>  | Coronation Merchant Bank Ltd and/or any other additional Dealer appointed under the Programme by the Issuer from time to time, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer's right to terminate the appointment of any Dealer  |
| <b>Sponsor to the Registration</b>                            | Coronation Merchant Bank Limited   |
| <b>Default Date:</b>  | The date on which the written notice of the Event of Default is served on the Issuer   |
| <b>Default Rate:</b>  | Interest rate equivalent to the daily overnight NIBOR + 5% per annum or Issuer Rate + 5% per annum (whichever is higher)   |
| <b>Interest Payments:</b>                                     | Notes shall be issued at a discount and in the form of zero-coupon notes. Thus, the Notes will not bear interest, other than in the case of late payment   |
| <b>Issuance in Series:</b>                                    | The Notes will be issued in Series or Tranches, and each Series may comprise one or more Tranches issued on different dates. The Notes in each Series or Tranche, will have the same maturity date and identical terms (except that the Issue Dates and Issue Price may be different). Details applicable to each Series or Tranche will be specified in the Applicable Pricing Supplement |
| <b>Issue Price:</b>   | The price at which the relevant Series/Tranche of the Notes is issued, as specified in the Applicable Pricing Supplement   |
| <b>Issue Rate:</b>  | The Discount Rate at Issuance  |
| <b>Issue Size:</b>  | As specified in the Applicable Pricing Supplement, subject to a minimum value of ₦100 million and multiples of ₦50 million thereafter  |
| <b>Issuer Rating:</b>   | 'A+' by Augusto & Co. and 'A-' by GCR<br><br>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.   |
| <b>Issuing, Placing, Paying and Collecting Agent or IPCA:</b> | Coronation Merchant Bank Limited and/or any other person(s) as may be appointed by the Issuer as Issuing, Placing, Paying and Calculation Agent  |
| <b>Arranger:</b>  | Coronation Merchant Bank Ltd   |
| <b>Programme Size:</b>  | ₦100,000,000,000.00 (One Hundred Billion Naira) aggregate principal amount of Notes outstanding at any point in time   |
| <b>Programme:</b>   | The commercial paper issuance programme established by the Issuer which allows for the multiple issuance of Notes from time to time under a standardized documentation framework   |
| <b>Quotation:</b>   | The Notes issued under the Programme shall be quoted on FMDQ Securities Exchange Limited or any other recognised trading platform.<br><br>All secondary market trading of the Notes shall be done in accordance with the rules in relation to the quotation of any Series or Tranche of Notes quoted on the relevant trading platform  |



|                               |  |
|-------------------------------|--|
| <b>Redemption:</b>            | As stated in the Applicable Pricing Supplement, subject to the CBN Guidelines  |
| <b>Registrars/Custodian:</b>  | Central Securities Clearing System Plc   |
| <b>Settlement Procedures:</b> | Purchases will be settled via Direct Debit, Electronic Funds Transfers, NIBSS Instant Payment, NIBSS Electronic Funds Transfer ("NEFT") or Real Time Gross Settlement ("RTGS")   |
| <b>Solicitor:</b>             | Aluko & Oyebode  |
| <b>Status of Notes:</b>       | Each Note constitutes a senior unsecured obligation of the Issuer and save for certain debts mandatorily preferred by law, the Notes rank pari passu among themselves, with other present and future senior unsecured obligations of the Issuer outstanding from time to time  |
| <b>Quotation:</b>             | The Issuer may elect at its discretion to have any Series or Tranche of Notes quoted on the FMDQ Exchange Platform or any other recognised trading platform. All secondary market trading of the Notes shall be done in accordance with the rules in relation to the quotation of any Series or Tranche of Notes quoted on the relevant trading platform             |
| <b>Method of Issue:</b>       | The Notes may be offered and sold by way of a fixed price offer for subscription or through a book building process and/or any other methods as described in the Applicable Pricing Supplement within Nigeria or otherwise, in each case as specified in the Applicable Pricing Supplement.  |
| <b>Taxation:</b>              | Refer to the section of this Programme Memorandum headed " <i>Tax Considerations</i> ".  |
| <b>Governing Law:</b>         | The Notes issued under the Programme and all related contractual documentation will be governed by, and construed in accordance with Nigerian law  |
| <b>Tenor:</b>                 | As specified in the Applicable Pricing Supplement, subject to a minimum tenor of 15 days and a maximum of 270 days, including roll-over from the date of issue. The maturity date of all outstanding CPs shall fall within the validity period of the Issuer/CP Programme rating filed with the Exchange at the commencement of the registration of the CP Programme |
| <b>Use of Proceeds:</b>       | The net proceeds from each issue of Notes under the Programme will be used solely to support the Issuer's short term funding requirements, or as may otherwise be specified in the Applicable Pricing Supplement   |

## OVERVIEW OF CORONATION MERCHANT BANK

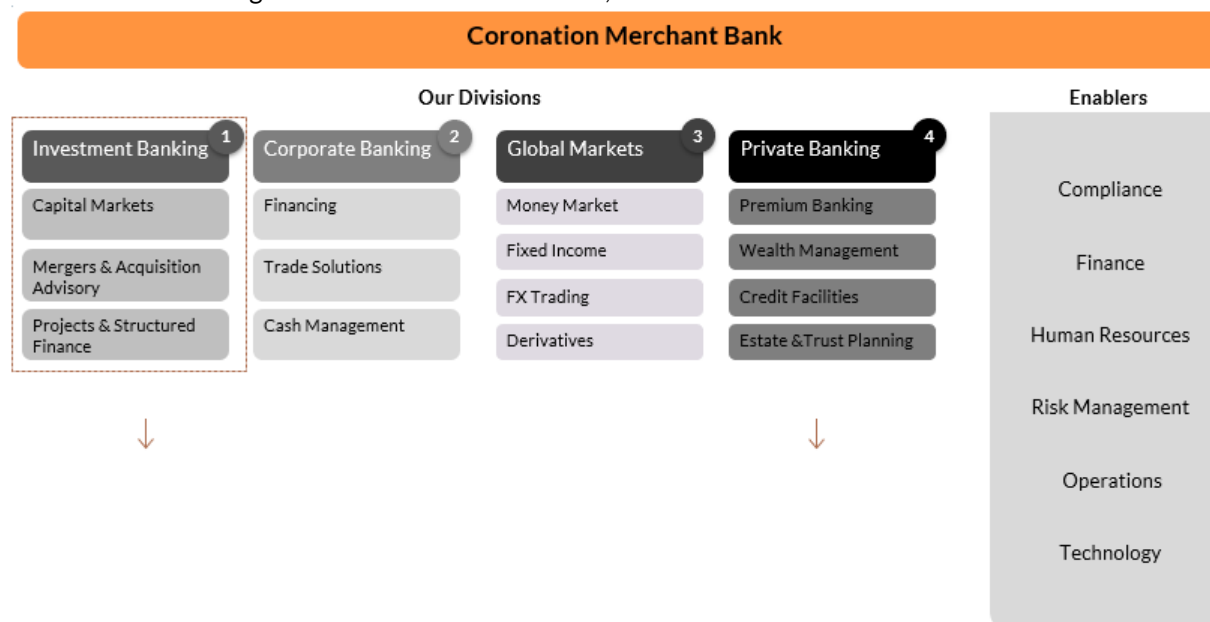
Coronation Merchant Bank Limited ("Coronation MB" or the "Bank"), formerly Associated Discount House Limited ("ADHL"), is a Merchant Bank licensed by the Central Bank of Nigeria ("CBN") to provide merchant banking services which include assets/fund management services, securities trading, treasury services, 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 Central Bank of Nigeria (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 signaling a new beginning for ADHL 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 2020, the Bank had a shareholder's fund of c. ₦40.11 Billion, gross earnings of c. ₦27.36 Billion and Profit after tax of ₦5.04 Billion. The Bank completed an international rating exercise with Fitch, becoming the first merchant bank to be rated by an international rating agency in Nigeria. The Bank was assigned a Long-Term Issuer Default Rating (IDR) of 'B-' with a stable outlook, a Viability Rating (VR) of ('b-') and a Long-Term Rating of 'BBB' (NGA) as at 31 Dec 2020

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

## OVERVIEW OF CORONATION MERCHANT BANK

**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.

### Related Companies

**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 NGX 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.

**Coronation Trustees Limited:** Coronation Trustees Limited ("Coronation Trustees") 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.

### **Sharholding Structure**

According to the register of members at 31 December 2020, 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 Mars Proprietary Investments 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%         |
| <b>Total</b>                            |                       | <b>79.98%</b> |

### **Employees**

As at 31<sup>st</sup> of December 2020, Coronation MB employed a total number of 142 employees, 8 Managerial, 9 Senior Staff and 125 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 top managers.

## Equity

As at 31<sup>st</sup> of December 2020, the Authorised and Issued Share Capital of the Company were as follows:

|                                  | N              |
|----------------------------------|----------------|
| <i>Authorised Share Capital:</i> |                |
| 10,000,000,000 @ ₦1 each         | 10,000,000,000 |
| <i>Issued Share Capital:</i>     |                |
| 5,050,546,285 @ ₦1 each          | 5,050,546,285  |

## Leadership Team

### 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 Risk Management Committee;
- The Board Audit Committee;
- The Board Finance & Governance Committee; and
- The Board Credit & Investment 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 its 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 shall deal with various matters relating to risk evaluation, risk management systems and processes, and the Groups' 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 Governance and Nomination 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.

## OVERVIEW OF CORONATION MERCHANT BANK

**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 updates 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 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 one Executive Director and heads of department.

### Management Committee

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

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

### Directors Profiles

#### ***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. His entrepreneurial and Board experience are also evident in his current stewardship at La Vallee Energy Services Limited, an indigenous subsea company; Temple Management Company, a full-service creative talent and event management firm; T1 Marine Services Limited, a marine support service provider to the Nigerian offshore oil and gas industry; Pave Investments Limited, a private equity and venture capital provider to companies in the technology space.

Mr. Folawiyo did serve in the past as a Non-Executive Director in MTN Nigeria (2001-2019), Ecobank Mali (2000-2005) and Access Bank Plc where he retired meritoriously after his statutory 12-year term. 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 of Laws (LLB) in 1984 from London School of Economics. He also obtained an LLM from University College, London and was called to the Bar of England and Wales in 1985.

He is a fellow of the Duke of Edinburgh's World Fellowship and a member of the Global Advisory Board of the African Leadership Academy, a Pan-African institute dedicated to developing and mentoring new generations of African leaders. He is also Chairman of Global Citizens Nigeria, an international movement dedicated to eliminating extreme poverty in the world.

#### ***Mr. Banjo Adegbohunge—Managing Director/Chief Executive Officer***

Mr. Banjo has over 27 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 as Executive Director and Chief Operating Officer in charge of charting a strategic direction for the back office, technology and electronic/digital channels for the Bank. In July 2019, the CBN approved the appointment of Banjo as a Deputy Managing Director of the Bank in line with the Bank's succession plan for the office of the Managing Director/CEO.

As Executive Director and Chief Operating Officer at Coronation Merchant Bank, he was responsible for the strategic direction for the back office, technology and electronic/digital channels for the group.

## **OVERVIEW OF CORONATION MERCHANT BANK**

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As MD/CEO at Coronation Merchant Bank, he is responsible for the strategic direction for the back office, technology and electronic/digital channels for the group. Banjo is also an honorary senior member of the Chartered Institute of Bankers of Nigeria.

### ***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.

He has several years of experience chairing and serving on many boards, including WAPIC Insurance Plc, Coronation Merchant Bank, Cinafindev Nigeria Limited, UNITEK Modular Builders Nigeria Limited, Inter Foods Limited, Workwell Engineering & Tractor Nigeria Limited, Supertex Limited, Nigerian Tourism Development Corporation, Nigerian Industrial and Competitiveness Advisory Council amongst others. He was appointed by the Federal Government of Nigeria to serve on the board of the Nigeria National Petroleum Corporation on May 30, 2020 for a period of 3 years.

Mr. Atta has been appointed to various committees in the oil, gas and textile industries and to the Nigerian Business Forum by the Federal Government of Nigeria. He also played a role in the work of the Nigerian Extractive Industry Transparency Initiative (N-EITI) and was involved in the creation of the accounting model which tracks development in oil and gas industries. He is also a member of the Nigeria Business Forum.

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. As a Chief Executive Officer of several banks for a period spanning up to 20 years, he set up and managed 2 merchant banks and 1 commercial bank and coordinated and led the merger of 5 financial institutions. At different times, he was the Managing Director/Chief Executive Officer of Fountain Trust Bank Ltd, Magnum Trust Bank Plc, and until his retirement from paid employment in 2008, the founding Group Managing Director/CEO of Sterling Bank Plc. He has outstanding competencies in all areas of banking such as corporate banking, investment banking, commercial banking and portfolio management, amongst others.

He is a Non-Executive Director at First Marina Trust Limited, the Chairman of Capetex Industries Limited, Lawson Thomas and Colleagues Ltd, Bullrum Resources Ltd and Academy Press Limited as well as a Council member of Nigerian-Indian Chamber of Commerce and Industries. Mr Dabiri is a member of the Advancement Board of the University of Ibadan, a Trustee of Summit University, Offa, Council Member of the Corona Schools Trust Council and was a Director at the University of Lagos Holding Company Ltd and a Board Member of LEAP Africa, an organization committed to developing dynamic, innovative and principled youth leaders.

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.

### ***Ms. 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 served in the public service as the Chairperson of the Committee on the Financial Management of Aviation Parastatals and as a member of the National Directorate of Employment between 1987 and 1989.

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, Massachusetts.

***Mr Larry Ettah – Non-Executive Director***

Mr. Ettah is the Executive Chairman of Barracuda Capital Partners Limited, a firm he formed after his retirement as the Group Managing Director/Chief Executive Officer of UAC of Nigeria Plc (UACN) in 2018.

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 was also a Non-Executive Director of Grand Cereals Limited. He equally chaired Pro-Health HMO. Some of his numerous achievements include election as President of the Nigeria Employers' Consultative Association (NECA), as well as Vice President (Multinationals) of Manufacturers Association of Nigeria (MAN). Also, he is a past council member of the Lagos Chamber of Commerce & Industry (LCCI). Mr. Ettah currently serves as a Non-Executive Director on the Board of Chi Limited.

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.

She is currently the CEO of Marnaby Limited – a financial consultancy and advisory services firm. Mrs. Iroche currently sits as an Independent Director on the Boards of Travelex Nigeria Business Solutions Ltd, Union Bank UK and UAC of Nigeria Plc. She is also a member of The University of Lagos Advancement Board and Women in Successful Careers (WISCAR) Advisory Board – an organisation dedicated to women empowerment.

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.

Mr. Ogan is a member of the Institute of Directors of Nigeria which is an affiliate of Institute of Directors United Kingdom. He sits on several Boards as Director and Chairman. He is a Non-Executive Director in Coronation Merchant Bank Limited (Coronation MB). Mr. Ogan is a Ranking Member, Shareholders' Audit Committee of Access Bank Plc; Director of Eastern Bulkem Company Limited (Eagle Cement) and Chairman Board of Directors of United Securities Limited (USL).

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 Senior Partner in the law firm of Aluko & Oyebode, a member of the firm's Management Board and heads the firm's Capital Markets' and M&A practice groups.

Ms. Fayokun is recognized in Who's Who Legal as one of the world's leading lawyers in M&A, Capital Markets and Energy & Natural Resources and has consistently been ranked a Leading Lawyer in IFLR1000 - The Guide

## **OVERVIEW OF CORONATION MERCHANT BANK**

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to the World's Leading Financial Law Firms. She is also recognised by IFLR1000 as one of 300 Women Leaders considered to be among the best global transactional specialists in their markets and practices areas.

She is a member of the BusinessDay Legal Business Advisory Board and was previously a Council Member of the Nigerian Bar Association Section on Business Law. She was a Director of the Association of Issuing Houses of Nigeria, a former Treasurer of the Capital Markets Solicitors' Association and played a pivotal role in the establishment of the Nigerian Association of Securities Dealers (NASD) OTC market.

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 of Laws Degree (LLB Hons) from University of Ife, Ile-Ife (now Obafemi Awolowo University) in 1984 and was admitted to the Nigerian Bar Association in 1985.

### ***Funke Feyisetan-Ladimeji – Executive Director/Executive Compliance Officer***

Funke has over 31 years' experience in banking and finance. She has managed a variety of Banking businesses across Markets and Corporate Finance Businesses, across multiple jurisdictions in EMEA (Europe, Middle East and Africa), North America and Asia, and across multiple functional areas, including Financial Control, Complex Product Accounting, Technology, Business Operations and Human Capital.

She spent 14 years in JP Morgan Chase where she was the Executive Director/COO with global responsibilities in managing businesses and leading the development of an African investment bank. Prior to joining Coronation Merchant Bank, she was the Executive Director and Chief Operating Officer at FBNQuest Merchant Bank Group where she oversaw a period of radical revolution that grew the balance sheet and massively increased revenues with two key acquisitions and evolution in technology and business culture.

She is a member and first vice chairman of the Association of Women Bankers of Nigeria, a member of WIMBIZ (Women in Management and Business). She set up the QuestWin (Women Network of FBNQuest Group), and she is a member of Amazon Professionals, a network of cross-sector professional women in Nigeria.

Funke is a Fellow of the Institute of Chartered Accountants of England & Wales and holds a Master's degree in Globalisation and a Bachelor's degree in Economics from Queen Mary and Brunel Universities respectively.

As Executive Director/Executive Compliance Officer at Coronation Merchant Bank, she is responsible for the management of Compliance, Information Technology, Centralised Operations, Customer Service, Administration and Global Trade.

### **Management Profile**

Working with Abubakar Jimoh and Funke Feyisetan Ladimeji are the following individuals:

#### ***Mr. Magnus Nnoka – Chief Risk Officer***

Mr. Nnoka is the Chief Risk Officer (CRO) of Coronation Merchant Bank Limited. In his role as the CRO, he oversees the enterprise risk management and control responsibilities in the Bank. Prior to joining Coronation Merchant Bank 2017, he was a member of the Transformation Team at Union Bank Plc in the capacity of Deputy General Manager/Head, Business Support and Recovery Group.

He was also the Country Head, Group Special Asset Management at Standard Chartered Bank Nigeria Limited. Between 2001 and 2011, Magnus held various senior management positions at Diamond Bank Plc and played pivotal roles in risk management. He has also been involved in different risk management initiatives and process re-engineering projects at the various banks.

In over 24 years in the banking sector, Magnus has garnered experience that cuts across banks and core areas of Treasury, Branch Management/operations and enterprise risk management. Magnus holds a first degree in Economics, a Masters Degree in Risk Management and an MBA in Marketing.

He has attended various executive strategy and leadership education/training programs at prominent institutions including the Lagos Business School, Pan Atlantic University, Wharton Business School, University of Pennsylvania and the University of Wisconsin, both in the U.S.A. Magnus is a Certified Risk Manager/Trainer and belongs to some professional bodies. He is currently the National President, Risk Management Association of Nigeria.



***Mr. Ademola Adekoya – Group Head, Corporate Banking***

Mr. Adekoya's experience covers financial and business advisory, wealth management, corporate finance, and credit and marketing. As the Group Head of Corporate Banking at Coronation Merchant Bank, he is responsible for the development of marketing and sales strategies, as well as products and services for the Division; originating and managing the bank's relationships within the corporate market.

Mr. Adekoya began his banking career in August 2002 at Guaranty Trust Bank Plc (GTB) as an Executive Trainee in the Energy Unit of the Credit and Marketing Group. Prior to joining GTB, he worked as Head of Property Management at Leke Sanni & Associates. In May 2003, Mr. Adekoya joined Access Bank Plc as Senior Banking Officer, Global Financial Markets. He joined Coronation Merchant Bank in August 2015 as Assistant General Manager of Corporate Banking.

His achievements include participating in quasi-equity for Access Bank via long term convertible debenture, which is the first of such investment in a Nigerian Bank by a development finance institution. He also participated in promoting Gender Empowerment at Access Bank, by raising funds from the International Finance Corporation.

***Mrs. Cornelia Utuk - Company Secretary/Legal Adviser***

As the Group Head and Company Secretariat of the Legal and Administration Group at Coronation Merchant Bank, Mrs. Utuk's responsibilities include providing advice and support on matters related to statutory regulations, employee relations, litigation, with the aim of mitigating Coronation Merchant Bank's legal exposure; leading the development and implementation of the Bank's legal strategy, as aligned with business goals; coordinating the identification of risks and their implications and advising accordingly; and reviewing the regulations of the organisation.

She began her two-decade-long career in the Credit Office of the now-defunct Standard Trust Bank in June 1999 and remained there until 2005, when it merged with the United Bank of Africa (UBA) Plc. Whilst at UBA, she developed knowledge and experience in Credit Analysis, Credit Control, Credit Monitoring and Credit Administration. In 2007, she left UBA to join Marina Securities Limited (MSL), as the Company Secretary/Head of Corporate Services. During her time at MSL, she also served as the Company Secretary of its subsidiaries, Marina Securities Stockbroking Services Ltd. and United Securities Ltd. She joined Associated Discount House Limited (ADHL) in September 2014 as the Company Secretary/Legal Adviser and Group Head for Corporate Services.

Mrs. Utuk was enrolled as a Solicitor and Advocate of the Supreme Court of Nigeria in 1998. She is a member of the Business Law Section of the Nigerian Bar Association, the Commonwealth Lawyers Association, and an Affiliate Member of the Chartered Institute of Personnel Management in the UK.

***Mr. Ibrahim Bello - Chief Compliance Officer***

As Head of Compliance at Coronation Merchant Bank, Mr. Bello's responsibilities include the provision of operational and advisory support in the development and implementation of all compliance strategies and concerns. He is also charged with establishing strong compliance standards in accordance with industry and global best practices, and acting as a liaison between the Bank and all regulatory bodies.

He has gained over a decade's experience in financial control, fund management, 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. In 2009, he became the Head of the Relationship Management Desk for Foreign Stockbroking clients. Before he joined Coronation Merchant Bank, he served as a Compliance Manager at Citibank Nigeria.

He has an MBA from Warwick Business School and is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN), as well as an Associate Certified Anti-Money Laundering Specialist (ACAMS).

***Mrs. Iyobosa Sorae - Group Head, Treasury and Global Markets***

Mrs. Sorae is a Fixed Income expert with experience in Fixed Income Trading, Portfolio Management, and Operational Management. As the Group Head of Securities Dealing at Coronation Merchant Bank since August 2015, Mrs. Sorae's responsibilities include ensuring and 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 targets.

## OVERVIEW OF CORONATION MERCHANT BANK

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She commenced her career after participating in the traineeship programme at the Access Bank School of Banking Excellence in May 2006. Thereafter, Mrs. Sorae became Head, Assistant Branch Operations, and in April 2007, she was appointed to lead the Fixed Income Department of Access Bank Plc. From there, she was transferred to the Corporate Finance Unit of the Bank in January 2011. 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 it was a start-up investment banking firm at the time.

She has, at various times, participated in the Wharton Executive Education program undertaking courses on Investment Strategies and Portfolio Management. One of her notable achievements includes generating net income in excess of USD 2.0 million within the first year of Dunn Loren Merrifield operations, despite operating with limited balance sheet support and relatively low name recognition. Mrs. Sorae is also ACI certified (Association Cambiste Internationale).

### ***Mr. Chukwukadibia Okoye - Chief Financial Officer***

Mr. Okoye is a treasury and credit accounting expert, with expertise in financial and management reporting, risk assessments and controls, equity valuations and corporate finance, and financial assurance and analysis. As the Group Head of Financial Control at Coronation Merchant Bank, his responsibilities include directing the fiscal functions of the Bank; overseeing the preparation of its budget and implementation; anticipating and controlling financial risks; and ensuring the development and implementation of accounting policies and procedures, in accordance with leading practices and standards.

Mr Okoye's accounting experience began at PricewaterhouseCoopers (PwC) Nigeria, where he trained in Assurance and Advisory Services. He was involved in several IFRS Conversion Engagements for the firm's clients. After his time in consulting, he joined United Bank for Africa as Team Lead of Financial Control and Head of Financial and Technical Analysis, where he was responsible for IFRS Compliance and Financial Reporting. In November 2015, he joined Coronation Merchant Bank as Head of Financial Control.

He is a member of Nigerian Institute of Management. He is a member of the Association of Chartered Certified Accountants UK and Associate member of Institute of Chartered Accountant of Nigeria.

## **USE OF PROCEEDS**

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The net proceeds from each issue of Notes under the Programme will be used solely to support the Issuer's short term funding requirements, or as may otherwise be specified in the Applicable Pricing Supplement.

## **SOURCES OF REPAYMENT**

The source of repayment of the Notes will be from the cash flows from the operations of Coronation Merchant Bank Limited in its ordinary course of business.

*The following are the Terms and Conditions of the Notes to be issued by the Issuer under the Programme. The provisions of the Applicable Pricing Supplement to be issued in respect of any Note are incorporated by reference herein and will supplement these Terms and Conditions for the purposes of that Note. The Applicable Pricing Supplement in relation to any series of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions contained herein, replace or modify the following Terms and Conditions for the purpose of such series of Notes.*

## **1. Currency, Form, Title and Denomination**

### **1.1 Issue and Currency**

- 1.1.1 The Notes may be issued from time to time by the Issuer in Tranches pursuant to the Programme. A Tranche of Notes may, together with a further Tranche or Tranches, form a Series of Notes issued, provided that the aggregate Principal Amount of all Notes outstanding under the Programme at any one point in time does not exceed the Programme Size. The Applicable Pricing Supplement for each Tranche/Series of Notes is (to the extent relevant) incorporated herein for the purposes of those Notes and supplements these Conditions. The Applicable Pricing Supplement may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of those Notes.
- 1.1.2 The Noteholders are by virtue of their subscription to, or purchase of, the Notes deemed to have notice of, and are entitled to the benefit of and are subject to all the provisions of the Applicable Pricing Supplement and the Deed of Covenant.
- 1.1.3 The Notes shall be registered electronically and serially numbered.
- 1.1.4 Notes issued under the Programme will be Zero-coupon Notes, and will not pay interest.
- 1.1.5 The Notes shall be issued in the Relevant Currency.

### **1.2 Form and Title**

- 1.2.1 The Notes will be issued in uncertificated (dematerialised or book entry) form, which shall be registered with a separate securities identification code with the CSCS/ FMDQ Depository .
- 1.2.2 Title to the Notes passes upon credit to the CSCS/ FMDQ Depository account of the Noteholder.
- 1.2.3 The CSCS/ FMDQ Depository statement of account shall be conclusive and binding for all purposes save in the case of manifest error and such Noteholder shall be treated by the Issuer and the Issuing and Placing Agent, and the Issuing, Placing, Paying and Collecting Agent as the legal and beneficial owner of such aggregate number of Notes for all purposes and no person will be liable for so treating the Noteholder.

### **1.3 Denomination**

- 1.3.1 The aggregate Principal Amount of the Notes will be as specified in the Applicable Pricing Supplement, subject to a minimum value of ₦100,000,000.00 and multiples of ₦50,000,000.00 thereafter.
- 1.3.2 The minimum denominations of Notes denominated in other currencies will be in accordance with any applicable legal and regulatory requirements.

### **1.4 Closed Periods**

- 1.4.1 No Noteholder may require the transfer of the Notes (i) during the period of fifteen (15) days ending on the relevant Redemption Date; (ii) following the issuance of a default notice to the Issuer pursuant to Condition 9 (*Events of Default*); or (iii) following the Relevant Last Day.

**2. Status of the Notes**

- 2.1 Each Note constitutes a direct, unconditional, unsubordinated and unsecured obligation of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Notes shall, save for such obligations as may be mandatorily preferred by applicable legislation relating to creditor's rights, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

**3. Redemption**

- 3.1 Unless previously redeemed or purchased and cancelled as specified below, the Notes will be redeemed at the Redemption Amount, specified in or determined in the manner specified in the Applicable Pricing Supplement, on the Redemption Date subject to the provisions contained in Condition 4 (*Payments*) below.

**4. Payments**

- 4.1 Only Noteholders named in the Register as at the close of business on the Relevant Last Day shall be entitled to payment of amounts due and payable in respect of Notes. The registered Noteholder shall be the only person entitled to receive payments in respect of Notes and the Issuer will be discharged by payment to, or to the order of, the registered Noteholder in respect of each amount so paid.
- 4.2 Payments of any outstanding obligation regarding the Notes will be made in the Relevant Currency by credit/electronic funds transfer to the specified bank account of the Noteholder.
- 4.3 In the case of joint Noteholders, payment by electronic transfers will be made to the account of the first-named Noteholder in the Register. Payment by electronic transfer to the first-named Noteholder in the Register shall discharge the Issuer of its relevant payment obligations under the Notes.
- 4.4 In the case of Notes held by a nominee, the nominee shall be paid as the registered Noteholder which payee shall in turn transfer such funds to the holders of the beneficial interests.
- 4.5 Neither the Issuer nor its agents shall be responsible for any loss in transmission of funds paid in respect of each note.
- 4.6 If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer (whether by reason of strike, lockout, fire, explosion, floods, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, unrest or disturbances, cessation of labour, Government interference or control or any other cause or contingency beyond the control of the Issuer), the Issuer shall make such payment by cheque (or by such number of cheques as may be required in accordance with applicable banking law and practice) of any such amounts made payable to the relevant Noteholder and the Issuer and the IPCA shall not be responsible for any delay arising from making such payment by cheque. Such payments by cheque shall be sent by post to the address of the Noteholder of registered Notes as set forth in the Register on the Relevant Last Day or, in the case of joint Noteholders of registered Notes, the address set forth in the Register of that one of them who is first named in the Register in respect of that Note. Cheques shall be posted by registered post, provided that the Issuer shall not be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this Condition 4.4.
- 4.7 Where the Issuer fails to redeem the Notes on the Redemption Date (and only in this event), interest shall begin to accrue on the Redemption Amount at the Default Rate from the Redemption Date until the date on which all amounts due in respect of such Note have been paid.
- 4.8 If the Redemption Date is not a Business Day, then the Noteholder thereof shall not be entitled to payment of the Redemption Amount until the next Business Day, and the Noteholder shall not be entitled to any interest, return or other payment in respect of any such delay in payment.
- 4.9 On the Redemption Date, payment shall only be made to the Noteholders if the Issuer has made funds available to the IPCA.
- 4.10 In respect of payments relating to Notes under a Tranche, (notwithstanding that such Notes may have the same Issue Date), where the total Discount Amount payable by a Noteholder in respect of the said Notes has not been received by the relevant Issue Date, but is at the discretion of the Issuer accepted within 5 (five) Business Days thereof, the Discount Amount payable by the Noteholder in respect of such Notes shall be adjusted to reflect the reduced tenor of the investment as applicable.

## 5. Transfer of Notes

- 5.1 All Notes issued under the Programme in dematerialized or immobilized (book entry) form may be transferred only in accordance with the CSD Rules.
- 5.2 Transfer of the Notes will only occur by way of electronic book entry in the CSCS accounts of the Noteholders in accordance with the CSD Rules.

## 6. Register

- 6.1 The Register shall be maintained by the ICPA. The Register shall reflect each Tranche and Series of Notes, the number of Notes issued and shall contain the name, address, and bank account details of the registered Noteholders. The Register shall set out the aggregate Principal Amount of the Notes issued to such Noteholder and the date of issue.
- 6.2 The Register shall be open for inspection during the normal business hours of the Registrar to any Noteholder or any person authorised by the Noteholder.
- 6.3 Each Tranche or Series shall be registered in the applicable Register.
- 6.4 The Registrar shall alter the Register in respect of any change of name, address or bank account number of any of the registered Noteholders of which it is notified in accordance with these Conditions.

## 7. Taxation

- 7.1 The Notes issued under the Programme will be Zero-coupon Notes and as such, will be offered and sold at a discount to Face Value. The Notes will thus not bear interest and the Issuer will not be required to withhold or deduct tax from payments in respect of the Notes to the Noteholders. However, the discount on the Notes may be taxed in accordance with applicable Nigerian tax laws.

## 8. Prescription

- 8.1 The Notes will become void unless presented for payment in respect of the Redemption Amount within 3 (three) years from the appropriate Relevant Date.

## 9. Events of Default

Upon the happening of any of the following events ("**Events of Default**") which is continuing, any Noteholder may, by written notice to the Issuer at its specified office(s), effective upon the date of receipt thereof by the Issuer declare the Notes held by that Noteholder to be forthwith due and payable, provided that no such action shall be taken if it is as a result of Force Majeure or the Issuer withholds or refuses to make any payment in order to comply with any law or regulation of Nigeria or to comply with any order of a court of competent jurisdiction. In addition, the Noteholders shall have the right to exercise all other remedies available to them under the laws of the Federal Republic of Nigeria.

Upon the occurrence of an Event of Default, the Issuer shall pay Noteholders interest at the Default Rate until the debt obligations to the Noteholders have been settled in full.

In addition, each Noteholder shall have the right to exercise all other remedies available to them under the laws of the Federal Republic of Nigeria.

- 9.1 **Non-Payment or Part-Payment:** the Issuer fails to make payment or makes part-payment by the Redemption Date in respect of any Tranche or Series of Notes, save for where its failure to pay is as a result of an administrative or technical error and payment is not made within ten (10) Business Days of its due date; or
- 9.2 **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Notes which default is incapable of remedy or where capable of remedy, is not remedied within thirty (30) days after written notice of such default requiring that breach to be remedied shall have been given to the Issuer at its specified office; or
- 9.3 **Breach of Representation:** any representation, warranty or undertaking made in connection with any documentation supplied by the Issuer pursuant to the Programme is in the reasonable opinion of the Joint Lead Arrangers, materially incorrect or misleading; or

## TERMS AND CONDITIONS OF THE NOTES

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- 9.4 **Winding-up:** an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer, or the Issuer applies or petitions for a winding-up or administration order in respect of itself or ceases or through an official action of its board of directors threatens to cease to carry on all or a substantial part of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Noteholders; or
- 9.5 **Insolvency:** the Issuer is, or is deemed by law or a court to be insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer; or
- 9.6 **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out, on or against a material or substantial part of the property, assets or revenues of the Issuer, and such distress, attachment, execution or other legal process is not discharged or stayed within 90 (ninety) days of service by the relevant officer of the court of such distress, attachment, execution or other legal process; or
- 9.7 **Failure to Take Action:** any action, condition or thing (including the obtaining of any consent or approval) now or hereafter necessary to enable the Issuer to comply with its obligations under the Programme for the issuance of the Notes is not taken, fulfilled or done, or any such consent, or approval is revoked, modified, withdrawn or withheld or ceases to remain in full force and effect, resulting in the Issuer being unable to perform any of its payment or other obligations in terms of the Notes or the Programme for the issuance of the Notes.

## 10. Notices

### 10.1 Notices to the Noteholders

- 10.1.1 All notices to the Noteholders will be valid if mailed to them at their respective addresses of record in the relevant Register. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the CBN Guidelines, the CSCS Rules or such other regulatory authority as may be applicable to the Notes.
- 10.1.2 Any notice shall be deemed to have been given on the second day after being so mailed or on the date of publication in national newspapers, or if published more than once or on different dates, on the date of the first publication.

### 10.2 Notices from the Noteholders

- 10.2.1 Notices to be given by any Noteholder to the Issuer shall be in writing and given by lodging the same, with the IPCA at its registered office.

## 11. Change of the Issuing, Placing, Paying and Collecting Agent

- 11.1 The Issuer is entitled to vary or terminate the appointment of the Issuing, Placing, Paying and Collecting Agent and/or appoint additional or other agents and/or approve any change in the office of the agent through which any agent acts, provided that there will at all times during the subsistence of the Programme, be an agent with an office.
- 11.2 The Issuing, Placing, Paying and Collecting Agent acts solely as agent of the Issuer and does not assume any obligation towards or any relationship of agency or trust for or with any Noteholder.

## 12. Modification

- 12.1 The Joint Lead Arrangers may agree with the Issuer, without the consent of the Noteholders to any modification of any of these Conditions which is in the opinion of the Joint Lead Arrangers of a minor or technical nature or is made to correct a manifest error, or to comply with the mandatory provisions of any law in Nigeria and which, in the opinion of the Joint Lead Arrangers, is not materially prejudicial to the interests of the Noteholders.
- 12.2 Save as provided in Condition 12.1 above, no amendment of the Conditions may be effected unless;

## TERMS AND CONDITIONS OF THE NOTES

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- (i) such amendment is in writing and signed by or on behalf of the Issuer; and
  - (ii) such amendment:
    - (a) If it affects the rights, under the Conditions, of all the Noteholders, is signed by or on behalf of Noteholders, holding not less than 75% (seventy five percent) of the outstanding Principal Amount of all the Notes; or
    - (b) If it affects only the rights, under the Conditions, of a particular group (or groups) of Noteholders, is signed by or on behalf of the Noteholders in that group (or groups) holding not less than 75% (seventy five percent) in value of the outstanding Principal Amount of all the Notes held by that group.
- 12.3 Any such modification, authorisation or waiver shall be binding on the Noteholders and, shall be notified to the Noteholders, as soon as practicable in accordance with Condition 10 (Notices).
- ### 13. Meetings of Noteholders
- 13.1 The Issuer may at any time convene a meeting of all Noteholders upon at least twenty one (21) days prior written notice to such Noteholders. The notice is required to be given in accordance with Condition 10 (Notices). Such Notice shall specify the date, place and time of the meeting to be held, which place shall be in Nigeria.
- 13.2 Every director or duly appointed representative of the Issuer may attend and speak at a meeting of the Noteholders but shall not be entitled to vote, other than as a proxy or representative of a Noteholder.
- 13.3 Two (2) or more Noteholders holding or representing by proxy a simple majority of the Principal Amount of the Notes that are outstanding for the time being, shall be able to request the Issuer to convene a meeting of Noteholders. Should the Issuer fail to requisition such a meeting within ten (10) days of such a request being received by the Issuer, the Noteholders requesting the meeting may convene such a meeting.
- 13.4 A Noteholder may by an instrument in writing (a “**Form of Proxy**”) signed by the holder or, in the case of a corporation executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, appoint any person (a “**Proxy**”) to act on his or its behalf in connection with any meeting or proposed meeting of the Noteholders.
- 13.5 Any Noteholder which is a corporation may by resolution of its directors or other governing body, authorise any person to act as its representative (a “**Representative**”) in connection with any meeting or proposed meeting of the Noteholders.
- 13.6 Any Proxy or Representative so appointed shall, so long as the appointment remains in force, be deemed for all purposes in connection with any meeting or proposed meeting of the Noteholder specified in the appointment, to be the holder of the Notes to which the appointment relates and the holder of the Notes shall be deemed for such purposes not to be the holder.
- 13.7 The chairman of the meeting of the Noteholders shall be appointed by a majority of Noteholders present in person or proxy. The procedures to be followed at the meeting shall be as determined by the chairman subject to the remaining provisions of this Condition 13. Should the Noteholders requisition a meeting, and the Issuer fail to call such a meeting within 10 (ten) Business Days of the requisition, then the chairman of the meeting held at the instance of the Noteholders, shall be selected by a simple majority of Noteholders present in person or proxy.
- 13.8 At any such meeting, two (2) or more Noteholders present in person, by representative or by proxy, holding in aggregate not less than one third (1/3) of the Principal Amount of Notes outstanding shall form a quorum.
- 13.9 On a poll, each Noteholder present in person or by proxy at the time of the meeting shall have the number of votes equal to the number of Notes, by denomination held by the Noteholder.
- 13.10 If within thirty (30) minutes after the time appointed for any such meeting, a quorum is not formed, the meeting shall, if convened upon the requisition of Noteholders, be dissolved. In any other case, it shall be adjourned to such date and time not being less than fourteen (14) days nor more than twenty one (21) days thereafter and at the same time and place. At such adjourned meeting, one or more



## TERMS AND CONDITIONS OF THE NOTES

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Noteholders present or represented by proxy shall form a quorum and shall have power to pass any special resolution and to decide upon all matters which could properly have been dealt with at the original meeting had the requisite quorum been present.

- 13.11 A resolution in writing duly signed by seventy five percent (75%) of the Noteholders for the time being outstanding, shall be effective for all purposes as a special resolution duly passed at a meeting of the Noteholders, provided that the resolution was sent to all the Noteholders entitled to receive notice of a meeting of Noteholders. Such resolution may be contained in one document or in several documents of identical form duly signed by or on behalf of all of the Noteholders.

### 14. Further Issues

- 14.1 The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further Notes (the “**Additional Notes**”) having terms and conditions which are identical to any of the other Notes already issued under the Programme (the “**Existing Notes**”) or the same in all respects save for their respective issue prices, issue dates and aggregate Principal Amounts, so that the Additional Notes shall be consolidated by the Issuer to form a single Series with the Existing Notes.

### 15. Governing Law

- 15.1 The provisions of these Conditions and the Notes are governed by, and shall be construed in accordance with, the laws of the Federal Republic of Nigeria.

## TAX CONSIDERATIONS

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Prior to the suspension of the use of Commercial Papers and Bankers Acceptances as off-balance-sheet instruments by banks and discount houses, Commercial Papers were exempt from Withholding Tax ("WHT"). Recent Commercial Papers have been issued in accordance with this position on the grounds that a commercial paper is a discount instrument, for which no withholding tax is payable on the discount income.

The Notes issued under the Programme will be zero-coupon notes and as such, will be offered and sold at discount to Face Value. The Notes will thus not bear interest, and the Issuer will not be required to withhold or deduct tax from payments in respect of the Notes to the Note holders. However, the discount on the Notes may be taxed in accordance with applicable Nigeria tax laws.

The foregoing summary does not purport to be comprehensive and is not intended to be, and should not be construed to be tax advice to any particular subscriber. In particular, it does not constitute a representation by the Issuer or its advisers on the tax consequences attaching to a subscription or purchase of Notes issued under the Programme. Tax considerations that may be relevant to a decision to acquire, hold or dispose of Notes issued under the Programme and the tax consequences applicable to each actual or prospective purchaser of the Notes may vary. Any prospective investor who is in any doubt as to his/her tax position or who is subject to taxation in any jurisdiction other than Nigeria should consult his/her own professional advisers without delay as to the consequences of an investment in the Notes in view of his/her own personal circumstances. Neither the Issuer nor its tax advisers shall be liable to any subscriber in any manner for placing reliance upon the contents of this section.

## RISK FACTORS

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*The following section does not describe all the risks (including those relating to each prospective investor's particular circumstances) with respect to an investment in the Notes. The risks in the following section are provided as general information only. Prospective investors should refer to and carefully consider the risks described below and the information contained elsewhere in this Programme Memorandum, which may describe additional risks associated with the Notes.*

***Investors should also seek professional advice before making investment decisions in respect of the Notes.***

### RISKS RELATING TO NIGERIA

*Nigeria experiences risks typical of an emerging market*

The Bank's operations are based in Nigeria and as such it faces the risks typical of an emerging market. These risks include greater political risk, changes to the economic environment and under-investment in infrastructure. Emerging markets are also more likely to experience higher instances of corruption, fraud, bribery and criminal activity. Failure 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 be possible to detect or prevent all instances of fraud, criminal activity, bribery or corruption.

*Nigeria's large dependence on oil*

Nigeria's economy is highly sensitive to changes in global oil prices and Nigeria's level of oil & gas production. The effect of the recent global shock in oil prices impacted Nigeria's economy significantly, causing a substantial withdrawal of foreign portfolio capital and a corresponding decline in stock market performance and government revenues, a weakening of the currency and a substantial drop in foreign currency reserves. Future decline in global oil prices may have an adverse effect on the Nigerian economy which in turn might have an impact on the operations and profitability of the Bank. However, with current crude oil prices trending higher than witnessed in 2021, Nigeria's economic growth outlook is stronger and could be further aided by a likely cut in interest rates by the Central Bank of Nigeria.

*The Bank is subject to foreign exchange risk and is affected by changes in the value of the Naira against other currencies.*

The Bank is exposed to foreign exchange risk, as a result of adverse movements in exchange rates, primarily through its loan and deposit portfolios that are denominated in foreign currencies. Following the CBN's free-float measures, which resulted in a significant devaluation of the Naira, the Bank is exposed to increased costs from foreign exchangerelated contracts and other operating expenses. The Bank may also experience declines in asset quality following further depreciation of the Naira. As such, any further significant depreciation/devaluation in the Naira could have a material adverse effect on the Bank's financial condition, liquidity and/or results of operations.

The COVID-19 outbreak has severely impacted economic activity in Nigeria, creating large external and fiscal financing need in 2021. The contraction in global economic activity has also constrained the economic recovery momentum, following the recession experienced in 2016. Preliminary assessments have indicated that real GDP will improve in 2022.

### RISKS RELATING TO THE NIGERIAN BANKING SECTOR

*The banking sector is affected by changes in the Nigerian economy*

The performance of the Nigerian banking sector is highly correlated with the performance of the Nigerian Economy. Nigeria's economy is currently in a recovery state after the recession in late 2020. Deterioration in economic conditions in Nigeria as a result of these or other factors, or any significant fluctuation in oil prices, inflation, the value of the Naira or interest rates could adversely affect Nigerian banks, including the Bank.

*Industry regulation in the Nigerian banking sector is still developing and may change in a manner that is adverse to the Bank.*

Given the uncertain nature of the regulatory environment in Nigeria and within the banking sector, we cannot rule out the possibility of further changes in the regulatory environment. Changes in the regulatory environment may have an adverse effect on the Bank's ability to compete and thus on its business, results of operations, financial condition, cash flows, liquidity and/or prospects. Investors in the Nigerian banking sector are not afforded the same level of protection as compared to countries with highly developed regulatory regimes. This is mainly due to differences in regulatory standards, level of oversight and enforcement of rules.

*The high credit risk of retail and wholesale borrowers and an inadequate central credit bureau in Nigeria may adversely affect the Bank's loan portfolio.*

Adverse changes in the credit quality of the Bank's borrowers and counterparties could affect the recoverability and the value of the assets of the Bank thus requiring an increase in the allowance for its impairment losses on credit exposures and other provisions. Furthermore, the Bank is unlikely to be able to enforce any security interest or guarantee that it may have against such borrowers.

The credit risk of Nigerian borrowers is relatively high when compared to borrowers from developed markets due to the stage of maturity of the Nigerian market and uncertainties inherent in the political, economic, legal and regulatory environment and the higher risk of fraud.

A developed central credit bureau plays an important role in the development and smooth functioning of a country's credit market. Without a fully developed credit bureau, the likelihood of banks lending to borrowers with higher credit risk increases, which may adversely affect the Bank's financial performance and business operations

### RISKS RELATING TO CORONATION MB

*If the Bank is unable to control the level of non-performing or poor credit quality loans in the future, or if the Bank's loan loss reserves are insufficient to cover future loan losses, it could have a material adverse effect on the Bank.*

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Bank's businesses. Non-performing or low credit quality loans can continue to have a negative impact on the Bank's results of operations. The Bank cannot assure that it will be able to effectively control the level of the impaired loans in its total loan portfolio. In particular, the amount of the Bank's reported non-performing loans may increase in the future as a result of the growth in its total loan portfolio, including as a result of future acquired loan portfolios, or factors beyond the Bank's control, such as adverse changes in the credit quality of the Bank's borrowers and counterparties or a general deterioration in economic conditions in Nigeria or events affecting certain industries or events affecting financial markets and global economies. If the Bank is unable to control or reduce the level of its non-performing or poor credit quality loans, this could have a material adverse effect on the Bank.

*The financial problems faced by the Bank's customers could adversely affect the Bank.*

Market turmoil and economic recession could materially and adversely affect the liquidity, businesses and/or financial conditions of the Bank's borrowers, which could in turn increase its non-performing loan ratios, impair its loan and other financial assets and result in decreased demand for borrowings in general. In addition, the Bank's customers may further significantly decrease their risk tolerance of non-deposit investments such as stocks, bonds and mutual funds, which would adversely affect the Bank's fee and commission income. Any of the conditions described above could have a material adverse effect on the Bank's business, financial condition and results of operations.

*The Bank's loan and investment portfolios are subject to risk of prepayment, which could have a material adverse effect on the Bank.*

## RISK FACTORS

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The Bank's fixed rate loan and investment portfolios are subject to prepayment risk, which results from the ability of a borrower or issuer to pay a debt obligation prior to maturity. Generally, in a declining interest rate environment, prepayment activity increases, which reduces the weighted average lives of the Bank's earning assets and could have a material adverse effect on the Bank. Prepayment risk is inherent to the Bank's commercial activity and an increase in prepayments could have a material adverse effect on the Bank.

*Damage to the Bank's reputation could cause harm to its business prospects.*

Maintaining a positive reputation is critical to the Bank's attracting and maintaining customers, investors and employees. Damage to the Bank's reputation can therefore cause significant harm to its business and prospects. Harm to the Bank's reputation can arise from numerous sources, including, among others, employee misconduct, litigation or regulatory outcomes, failure to deliver minimum standards of service and quality, compliance failures, unethical behaviour, and the activities of customers and counterparties. Further, negative publicity regarding the Bank, whether or not true, may result in harm to its prospects.

Actions by the financial services industry generally or by certain members of, or individuals in, the industry can also affect the Bank's reputation. For example, regulatory infractions by other financial services firms and the subsequent increase in regulatory supervision and enforcement may cause public perception of the Bank and others in the financial services industry to decline.

The Bank could suffer significant reputational harm if it fails to properly identify and manage potential conflicts of interest. Management of potential conflicts of interest has become increasingly complex as the Bank expands its business activities through more numerous transactions, obligations and interests with and among its clients. The failure or perceived failure to adequately address conflicts of interest could affect the willingness of clients to deal with the Bank, or give rise to litigation or enforcement actions against the Bank. Therefore, there can be no assurance that conflicts of interest will not arise in the future that could cause material harm to the Bank.

*Any failure to effectively improve or upgrade the Bank's information technology infrastructure and management information systems in a timely manner could have a material adverse effect on the Bank.*

The Bank's ability to remain competitive depends in part on its ability to upgrade the Bank's information technology on a timely and cost-effective basis. The Bank must continually make significant investments and improvements in its information technology infrastructure in order to remain competitive. The Bank cannot assure that in the future it will be able to maintain the level of capital expenditures necessary to support the improvement or upgrading of its information technology infrastructure. Any failure to effectively improve or upgrade its information technology infrastructure and management information systems in a timely manner could have a material adverse effect on the Bank.

### **Tax Risk**

Potential investors should consider the tax consequences of investing in the Notes and consult their tax advisors about their own tax situation.

### **Credit Rating Risk**

The Issuer's credit ratings are an assessment by the relevant rating agencies of its ability to pay its debts when due. Consequently, real or anticipated changes in its credit ratings will generally affect the market value of the Notes. One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this Programme Memorandum, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

## **RISKS RELATING TO THE COMMERCIAL PAPER NOTES**

### *Risk related to the liquidity of the Notes*

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon the market for similar securities, general economic

## RISK FACTORS

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conditions and the financial condition of the Issuer. Although applications will be made for Notes issued under the Program to be admitted and traded on the FMDQ platform, there is no assurance that such applications will be accepted, that any particular issue of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular issue of Notes.

### *Risks related to the change in price of the Notes*

Changes in market price of Commercial Paper in the regulated market depends on supply and demand for Commercial Paper and changes in interest rates in the market. Excess demand for Commercial Paper could lead to a higher price, and excess supply could lead to a decrease in the price of Commercial Paper. In case of higher interest rates in the market, Commercial Paper holders could request higher return for Commercial Paper, which in turn could lead to a lower price of Commercial Paper in the regulated market. In case of lower interest rates in the market, Commercial Paper holders could expect lower return for Commercial Paper, which in turn could lead to a higher price of Commercial Paper in the regulated market.

*Words used in this section shall bear the same meanings as used in the section headed "Definitions and Interpretations", except to the extent that they are separately defined in this section or the meaning if applied, would be clearly inappropriate for the context.*

### CLEARING SYSTEM

The Notes will be issued in dematerialised form and will not be represented by any certificate or written instrument. As stipulated by the CBN Guidelines, each Series or Tranche of Notes will be held in custody by the CSD, either in the name of the beneficial owner or a nominee.

All transactions in the Notes shall be cleared and settled electronically in accordance with the rules and operating procedures of the CSD. Subject as aforesaid, each Series or Tranche of Notes will be issued, cleared and transferred in accordance with the Terms and Conditions and will be settled through Authorised Participants (as defined below) who will follow the electronic settlement procedures prescribed by the CSD.

### Authorised Participants

The will maintain a central securities account for Issuing, Placing, Paying & Collecting Agent/Issuing & Placing Agent and Dealing Members ("**Authorised Participants**") and each beneficial owner of the Notes is required to have a sub-account under the Authorised Participants. Note holders may exercise their rights in respect of the Notes held in the custody of the CSD only through the Authorised Participants.

For purposes of Notes issued under this Programme, the Authorised Participants are Coronation Merchant Bank Limited and any other Dealer appointed by the Issuer.

### Registration

- i. The Authorised Participant shall register with the CSD where CP custody and depository services are required. The Authorised Participant shall complete the required registration form or other applicable document(s) and shall be required to submit proof of appropriate FMDQ membership along with the completed form.
- ii. Noteholders are required to route their account opening applications and transactions through any of the above-mentioned Authorised Participants, who will officially notify the CSD to create sub-accounts for the Noteholders and attach Noteholders' mandates to this effect.
- iii. The CSD will assign a unique identification number (the "Trade Member Code") to the Authorised Participant and also provide an account number (and sub-account numbers for Noteholders) after creation as requested by the Authorised Participant to enable them to trade the CPs.
- iv. FMDQ Exchange shall request for the CP to be registered with the CSD, who in turn shall furnish FMDQ Exchange and the Authorised Participant with the CP Symbol and ISIN Codes for the registered CP, subject to receipt of CP registration fees from the Authorised Participant.
- v. The CSD will re-open the existing ISIN code for all tranches with same maturity dates, however new ISIN codes will be issued for tranches with different maturity dates.

**Lodgment**

- i. The Authorised Participants shall provide the schedule of all the subscribers and their expected holdings to the CSD for distribution. The Authorized Participant will electronically lodge CPs with the CSD and advise the CSD after lodgment to transfer the CPs to the sub-accounts, individual accounts or custodians accounts of the beneficial owners of the Notes.
- ii. [Cut-off time for e-lodgement of CPs is 10.00 a.m. on the day before the value date, and] the CSD shall process same within 24 hours of receipt.

**Redemption**

- i. No transactions or trades may be effected for any CPs two (2) Business days prior to its maturity date as the register closes two (2) Business Days before the Maturity Date.
- ii. The Issuing, Collecting and Paying Agent will submit a letter to the CSD confirming the intention of the Issuer to repay the Noteholders on the Maturity Date by 12.00 noon on the date which is two (2) Business Days before the Maturity Date.
- iii. The CSD shall expunge (knock-off) matured CPs on the Maturity Date or Redemption Date of the CP.
- iv. The Maturity Date shall be on a Business Day, however if the Maturity Date falls on a public holiday, payment will be made on the following Business Day.

**Roll-Over**

- i. All CPs, including roll-overs shall not exceed 270 days (tenor) from the date of issue.
- ii. Every roll-over of a CP issue shall be treated or classified as a fresh/separate CP
- iii. Upon granting approval for rollover, FMDQ Exchange shall request for the rollover CP to be registered with the CSD, who in turn shall furnish the FMDQ Authorised Participants with the new CP symbol codes and unique identifiers, subject to receipt of CP rollover fees from the Authorised Participants.
- iv. The CSD shall expunge the existing CP symbol codes and unique identifiers from the system and replace them with the new codes.

**Default**

- i. Where the issuer is unable to repay the Noteholders and the CP will be in default status, the Authorised Participants shall notify CSD, as well as the investors, latest two (2) business days before the Maturity Date, latest by 3.00pm.
- ii. The CSD shall make public the default status to the market latest by one (1) business day before the maturity date.
- iii. In case of (i) above, the CP holdings must remain with the CSD until the Issuing, Placing, Paying and Calculation Agent pays off the CP holders and notifies the CSD and the FMDQ Exchange with evidence.
- iv. Thereafter, the CSD will notify the public and expunge the CP from the CSD accordingly. IPCA pays off the Note holders and notifies the CSD with the evidence

**Secondary Market Trading (OTC) Guidelines**

- i. Standard settlement cycle is T + 2.
- ii. The exchange shall submit Dealing Members' confirmed CP trade details on trade day in the specified format via the CSD authorized platform, based on the following settlement timelines:
  - a. Same Day Settlement - 12.30pm.
  - b. T+1 or T+2 Settlements - 3.00pm
- iii. The CSD shall deliver securities and send confirmation of transfers via the CSD authorized platform by 2pm on settlement day to the exchange and Nigeria Inter-Bank Settlement System (NIBSS) simultaneously. Authorized Participants shall state the particular account number where the CP(s) will be settled.
- iv. NIBSS shall transfer settlement amounts to respective accounts and send confirmation to the exchange and the CSD simultaneously.



- v. Transactions for standard settlement (T + 2) shall stop five (5) business days before maturity date, therefore the last applicable settlement shall be before close of business on three (3) business days before maturity date.

### **Reporting**

- i. The CSD will effect the transfer of CPs on the settlement date as advised by the exchange and also keep records for each transaction.
- ii. The CSD will advise the exchange of successful and failed transactions on each settlement day for onward communication to Dealing Members.
- iii. Dealing Members can ascertain their CP balances after each day's trade via the CSD's website after each day's trade. This is a subscription service.

### **Transfer of Notes**

Title to beneficial interest in the Notes will pass on transfer thereof by electronic book entry in the securities accounts maintained by the CSD and may be transferred only in accordance with rules and operating procedures of the CSD.

### **Cash Settlement**

The Transaction Parties will be responsible for effecting the payment transfers either via Real Time Gross Settlement ("RTGS"), NIBSS Electronic Funds Transfer ("NEFT") or any other transfer mode agreed by the Transaction Parties and recognised by the CBN.

# CORONATION

RC: 207138

CORONATION MERCHANT BANK LIMITED

Issue of Up to ₦[●] (Series [●]) Commercial Paper Notes  
Under its ₦ 100,000,000,000  
Commercial Paper Issuance Programme

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This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum, dated 28<sup>th</sup> March 2022 prepared by Coronation Merchant Bank Limited on behalf of Coronation Merchant Bank Limited in connection with its ₦100,000,000,000.00 Commercial Paper Issuance Programme, as amended and/or supplemented from time to time (the "Programme Memorandum").

Any capitalised terms not defined in this Applicable Pricing Supplement shall have the meanings ascribed to them in the Programme Memorandum.

This document constitutes the Applicable Pricing Supplement relating to the issue of Commercial Paper Notes ("CP Notes" or "the Notes") described herein. The Notes described herein are issued on and subject to the Terms and Conditions as amended and/or supplemented by the Terms and Conditions contained in this Applicable Pricing Supplement. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

This document has been prepared in accordance with the Central Bank of Nigeria Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Paper, issued on 11 September 2019 and the CBN letter to deposit money banks and discount houses dated July 12, 2016 on Mandatory Registration and Listing of Commercial Papers (together the "CBN Guidelines") and the Commercial Paper Registration and Quotation Rules (the "Rules") of the FMDQ Securities Exchange Limited ("FMDQ Exchange") or (the "Exchange") . The document is not required to be registered with the Nigerian Exchange Limited ("NGX") or the Securities and Exchange Commission ("SEC"). This document is important and should be read carefully. If any recipient is in any doubt about its contents or the actions to be taken, such recipient should consult his/her Banker, Stockbroker, Accountant, Solicitor or any other professional adviser for guidance immediately.

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## ARRANGER

# CORONATION

RC207138

## DEALERS

# CORONATION

RC207138

## ISSUING, PLACING, PAYING AND COLLECTING AGENT

# CORONATION

RC207138

This Pricing Supplement is dated [.]

|   |  |
|---|--|
| <b>Issuer</b>   | Coronation Merchant Bank Limited   |
| <b>Arranger</b>   | Coronation Merchant Bank Limited   |
| <b>Issuing, Placing, Paying and Collecting Agent</b>                | Coronation Merchant Bank Limited   |
| <b>Auditors</b>   | PWC  |
| <b>Custodian</b>  | Central Securities Clearing Systems Plc  |
| <b>Solicitor</b>  | Aluko & Oyeboode   |
| <b>Series Number</b>  | [.]  |
| <b>Programme Size</b>   | ₦100,000,000,000   |
| <b>Aggregate Nominal Amount</b>                                     | [.]  |
| a. Tranche  | [.]  |
| b. Series   | [.]  |
| <b>Face Value</b>   | [.]  |
| <b>Discounted Value</b>   | [.]  |
| <b>Nominal Amount Per Note</b>                                      | [.]  |
| <b>Issue Price</b>  | [.]  |
| <b>Tenor</b>  | [.]  |
| <b>Maturity Date</b>  | [.]  |
| <b>Redemption Amount</b>  | [.]  |
| <b>Minimum Subscription</b>   | ₦5,000,000 and multiples of ₦1,000 thereafter  |
| <b>Specified Currency</b>   | [.]  |
| <b>Specified Denomination</b>                                       | [.]  |
| <b>Status Of Notes</b>  | Each Note constitutes a senior unsecured obligation of the Issuer and save for certain debts mandatorily preferred by law, the Notes rank pari passu among themselves, and with other present and future senior unsecured obligations of the Issuer outstanding from time to time. |
| <b>Form Of Notes</b>  | [.]  |
| <b>Quotation</b>  | Notes may be quoted on the FMDQ Exchange platform or any other recognised exchange   |
| <b>Taxation</b>   | Please refer to the 'Tax Considerations' section in the Programme Memorandum   |
| <b>Method Of Offer</b>  | [.]  |
| <b>Book Closed Period</b>   | The Register will be closed from [.] to [.] until the Maturity Date  |
| <b>Implied Yield</b>  | [.]  |
| <b>Discount Rate</b>  | [.]  |
| <b>Any Other Formula or basis For Determining Amount(s) Payable</b> | [.]  |
| <b>Day Count Fraction</b>   | [.]  |

## PRO FORMA APPLICABLE PRICING SUPPLEMENT

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|  |   |
|--|---|
| <b>Business Day Convention</b>               | Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria on which banks are open for business in Nigeria |
| <b>Redemption/Payment Basis</b>              | [Redemption at par][other(specify)]   |
| <b>Issuer's Early Redemption</b>             | [Applicable/Not Applicable]   |
| <b>Issuer's Optional Redemption</b>          | Not Applicable  |
| <b>Other Terms Applicable On Redemption</b>  | [.]   |
| <b>Offer Opens</b>                           | [.]   |
| <b>Offer Closes</b>                          | [.]   |
| <b>Allotment Date</b>                        | [.]   |
| <b>Notification Of Allotment</b>             | All applicants will be notified through an email and/or telephone of their allotment by no later than [.]   |
| <b>Payment Date</b>                          | [.]   |
| <b>Details Of Bank Account(s) To Which</b>   | [.]   |
| <b>Payments Are To Be Made In Respect Of</b> |   |
| <b>The Notes</b>                             |   |
| <b>Settlement Procedures And Settlement</b>  | [.]   |
| <b>Instructions</b>                          |   |
| <b>Delivery Date</b>                         | [.]   |

### MATERIAL ADVERSE CHANGE STATEMENT

Except as disclosed in this document, there has been no Material Adverse Change in the financial position or prospects of the Issuer since [last Published Account].

### RESPONSIBILITY

The Issuer and its Executive Management accept responsibility for the information contained in this Applicable Pricing Supplement which, when read together with the Programme Memorandum and supplemental Programme Memorandum, if any, contains all information that is material in the context of the issue of the Notes.

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2022

For and on behalf of

Coronation Merchant Bank Limited

\_\_\_\_\_  
Name  
Capacity: Director  
Who warrants his/her authority hereto

\_\_\_\_\_  
Name  
Capacity: Director  
Who warrants his/her authority hereto



**Report of the independent auditor on the summary financial statements**

To the members of Coronation Merchant Bank Limited

**Report on the summary financial statements**

**Opinion**

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2020 and 31 December 2019 and the summary statement of comprehensive income for the year then ended are derived from the audited financial statements of Coronation Merchant Bank Limited ("the Bank") for the year ended 31 December 2020 and 31 December 2019.

In our opinion, the accompanying summary financial statements are consistent in all material respects, with the audited financial statements, in accordance with the requirements of the FMDQ commercial paper quotation rules.

**Summary financial statements**

The summary financial statements do not contain all the disclosures required by the International Financial Reporting Standards, the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, the Banks and Other Financial Institution Act and other relevant Central Bank of Nigeria circulars applied in the preparation of the audited financial statements of the Bank. Therefore, reading the summary financial statements and the auditor's report thereon, is not a substitute for reading the audited financial statements for the year ended 31 December 2020 and 31 December 2019 and the auditor's report thereon.

**The audited financial statements and our report thereon**

We expressed an unmodified audit opinion on the audited financial statements in our report dated 4 March 2020 and 22 February 2021. The 31 December 2020 and 31 December 2019 reports also include the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the periods.

**Directors' responsibility for the summary financial statements**

The directors are responsible for the preparation of the summary financial statements in accordance with the FMDQ commercial paper quotation rules.

**Auditor's responsibility**

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), 'Engagements to Report on Summary Financial Statements'.

A handwritten signature in black ink, appearing to read 'Chidi Ojechi'.

For: PricewaterhouseCoopers  
Chartered Accountants  
Lagos, Nigeria

Engagement Partner: Chidi Ojechi  
FRC/2017/ICAN/00000015955



**Report of the independent auditor on the summary consolidated and separate financial statements**

To the members of Coronation Merchant Bank Limited

**Report on the summary consolidated and separate financial statements**

**Opinion**

The summary consolidated and separate financial statements (the "summary financial statements"), which comprise the summary consolidated and separate statements of financial position as at 31 December 2018 and the summary consolidated and separate statements of comprehensive income for the year then ended are derived from the audited consolidated and separate financial statements (the "audited financial statements") of Coronation Merchant Bank Limited ("the Bank") and its subsidiary companies (together the "Group") for the year ended 31 December 2018.

In our opinion, the accompanying summary financial statements are consistent in all material respects, with the audited financial statements, in accordance with the requirements of the FMDQ commercial paper quotation rules.

**Summary financial statements**

The summary financial statements do not contain all the disclosures required by the International Financial Reporting Standards, the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, the Banks and Other Financial Institution Act and other relevant Central Bank of Nigeria circulars applied in the preparation of the audited financial statements of the Group and Bank. Therefore, reading the summary financial statements and the auditor's report thereon, is not a substitute for reading the audited financial statements for the year ended 31 December 2018 and the auditor's report thereon.

**The audited financial statements and our report thereon**

We expressed an unmodified audit opinion on the audited financial statements in our report dated 8 March 2019. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the period.

**Directors' responsibility for the summary financial statements**

The directors are responsible for the preparation of the summary financial statements in accordance with the FMDQ commercial paper quotation rules.

**Auditor's responsibility**

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), 'Engagements to Report on Summary Financial Statements'.

  
For: PricewaterhouseCoopers  
Chartered Accountants  
Lagos, Nigeria

Engagement Partner: Chidi Ojechi  
FRC/2017/ICAN/00000015955



- 4.2 This Opinion is expressed as of the date hereof and we assume no obligation to update or supplement any opinion contained herein to reflect any fact or circumstance that may hereafter come to our attention or any changes in law that may hereafter occur or become effective;
- 4.3 Our opinion that an obligation or document is enforceable means that the obligation or document is of a type and form which the courts in the Federal Republic of Nigeria will enforce. It does not mean that the obligation or document can necessarily be enforced in all circumstances as the validity, enforceability and/or binding nature of such obligations or documents under the laws of the Federal Republic of Nigeria will be subject to, amongst other things, the laws of bankruptcy, insolvency, receivership, reorganisation, liquidation, moratorium and other like laws. In particular, equitable remedies such as injunctions and specific performance are discretionary and are not generally available in circumstances where damages are considered by the courts in the Federal Republic of Nigeria to be an adequate remedy;
- 4.4 Save for paragraph 3.8 above, we express no opinion as to the tax treatment or consequences of the Transaction Documents or the transactions contemplated therein; and
- 4.5 Where any obligation is to be performed or observed in a jurisdiction outside the Federal Republic of Nigeria, it may not be enforceable under Nigerian law if and to the extent that such performance or observance would be unlawful, unenforceable or contrary to public policy of the Federal Republic of Nigeria or under the laws of such jurisdiction.

**5. RELIANCE**

This Opinion is issued at the request of the Dealer for the purpose of the Programme and any Note issuances thereunder. The opinion may be relied upon only by the Dealer and persons seeking to invest in the Notes, in connection with the matters dealt with herein and may not without our prior written consent be relied upon by any other person. Neither its contents nor its existence may be disclosed to any other person unless we have given our prior written consent.

This Opinion may be disclosed (a) if required by law or regulation; (b) to the officers, directors, employees, affiliates, professional advisers (including legal advisers), auditors or regulators of the Dealer; and (c) in connection with any actual or potential dispute or claim in respect of the Note issuance provided that such persons may not rely on the Opinion.

Yours faithfully,  
**ALUKO & OYEBODE**

*Aluko & Oyebode*

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31<sup>ST</sup> DECEMBER 2016, 2017, 2018, 2019 & 2020

| <i>In thousands of Naira</i>  | 2016             | 2017             | 2018               | 2019             | 2020             |
|---|------------------|------------------|--------------------|------------------|------------------|
| Interest Income   | 13,321,639       | 22,195,656       | 24,286,820         | 25,093,015       | 19,950,522       |
| Interest Expense  | (5,484,124)      | (14,633,478)     | (17,291,460)       | (20,664,692)     | (15,269,476)     |
| <b>Net interest income</b>  | <b>7,837,515</b> | <b>7,562,178</b> | <b>6,995,360</b>   | <b>4,428,323</b> | <b>4,681,046</b> |
| Net impairment charge on financial assets                                       | (70,119)         | 51,596           | (85,559)           | (90,521)         | (228,240)        |
| <b>Net interest income after impairment charges</b>                             | <b>7,767,396</b> | <b>7,613,774</b> | <b>6,909,801</b>   | <b>4,337,802</b> | <b>4,452,806</b> |
|   |                  |                  |                    |                  |                  |
| Fee and commission income   | 931,374          | 1,300,432        | 1,700,352          | 1,351,031        | 1,884,587        |
| Net gains/(loss) on investment securities                                       | 308,257          | 881,968          | 1,661,263          | 4,011,964        | 4,748,985        |
| Net foreign exchange income   | 220,716          | 225,931          | 129,349            | 314,810          | 386,249          |
| Other operating income  | 9,989            | 144,785          | 179,616            | 357,995          | 387,183          |
| Personnel expenses  | (4,040,232)      | (5,234,061)      | (5,384,634)        | (5,349,718)      | (6,075,388)      |
| <b>Profit before tax</b>  | <b>5,197,500</b> | <b>4,932,829</b> | <b>5,195,747</b>   | <b>5,023,884</b> | <b>5,784,422</b> |
| Income tax expense  | (164,605)        | (314,433)        | (711,375)          | (257,172)        | (743,758)        |
| <b>Profit after tax</b>   | <b>5,032,895</b> | <b>4,618,396</b> | <b>4,484,372</b>   | <b>4,766,712</b> | <b>5,040,664</b> |
|   |                  |                  |                    |                  |                  |
| <i>Items that may be subsequently reclassified to the income statement:</i>     |                  |                  |                    |                  |                  |
| Net changes in fair value of available-for-sale financial instruments           |                  |                  |                    |                  |                  |
| -Fair value changes during the year   | 444,062          | (424,592)        | (1,013,107)        | 175,520          | (92,222)         |
| -Net loss recycled to profit&loss on disposal of available-for-sale instruments |                  | (32,227)         |                    |                  | -                |
| <b>Other comprehensive gain, net of related tax effects:</b>                    | <b>444,062</b>   | <b>(456,819)</b> | <b>(1,013,107)</b> | <b>175,520</b>   | <b>(92,222)</b>  |
|   |                  |                  |                    |                  |                  |
| <b>Total comprehensive income for the year</b>                                  | <b>5,476,957</b> | <b>4,161,577</b> | <b>3,471,265</b>   | <b>4,942,232</b> | <b>4,948,442</b> |



STATEMENT OF FINANCIAL POSITION FOR THE YEARS ENDED 31<sup>ST</sup> DECEMBER 2016, 2017, 2018, 2019 AND 2020

| <i>In thousands of Naira</i>                           | <i>2016</i>        | <i>2017</i>        | <i>2018</i>        | <i>2019</i>        | <i>2020</i>        |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Assets</b>  |                    |                    |                    |                    |                    |
| Cash and balances with banks                           | 5,638,415          | 8,188,002          | 3,211,035          | 8,956,378          | 12,773,734         |
| Due from financial institutions                        | 16,246,877         | 29,509,041         | 36,914,556         | 57,473,891         | 35,806,050         |
| Non pledged trading assets                             | 3,443,570          | 1,137,667          | 8,101,708          | 11,408,065         | 10,343,935         |
| Derivative financial assets                            | -                  | 116,520            | 1,388,676          | 2,410,142          | 5,500,493          |
| Investment securities                                  | 32,117,688         | 27,785,678         | 87,626,086         | 60,307,880         | 108,219,301        |
| Pledged assets   | 14,232,448         | 18,840,555         | 10,168,280         | 16,326,798         | 16,104,307         |
| Loans and advances                                     | 22,706,561         | 32,239,585         | 54,312,459         | 72,683,949         | 122,682,497        |
| Other assets   | 588,671            | 6,415,957          | 7,845,696          | 10,745,065         | 87,952,775         |
| Right use of assets                                    | -                  | -                  | -                  | 76,861             | 53,994             |
| Intangible assets                                      | 463,406            | 544,749            | 622,503            | 706,412            | 1,116,582          |
| Property, plant and equipment                          | 3,000,668          | 3,077,084          | 2,974,252          | 6,472,233          | 6,586,596          |
| Investment in subsidiaries                             | 3,314,711          | 4,614,711          | 4,614,711          | -                  | -                  |
| Deferred tax assets                                    | 5,265,490          | 5,203,887          | 4,998,887          | 5,777,715          | 5,216,566          |
| Asset classified as held for sale                      | 29,575             | -                  | -                  | 5,000              | -                  |
| <b>Total Assets</b>                                    | <b>107,048,080</b> | <b>137,673,436</b> | <b>222,778,849</b> | <b>253,350,389</b> | <b>412,356,830</b> |
| <b>Liabilities</b>                                     |                    |                    |                    |                    |                    |
| Due to financial institutions                          | 18,637,966         | 11,206,114         | 12,159,545         | 25,978,923         | 52,319,291         |
| Due to customers                                       | 54,146,766         | 77,766,608         | 126,896,867        | 138,087,891        | 195,161,465        |
| Non pledged trading liabilities                        | -                  | -                  | 8,169,494          | 523,876            | 4,643              |
| Derivatives financial liabilities                      | -                  | 106,457            | 1,373,716          | 2,420,349          | 5,429,271          |
| Commercial paper liabilities                           | -                  | -                  | 18,053,345         | 12,610,440         | 8,887,242          |
| Surbordinated liabilities                              | -                  | -                  | -                  | -                  | 24,806,884         |
| Current income tax liabilities                         | 211,288            | 266,686            | 520,248            | 280,971            | 166,568            |
| Other liabilities                                      | 8,262,903          | 19,134,419         | 24,457,369         | 38,712,890         | 85,303,814         |
| Deferred tax liabilities                               | -                  | -                  | -                  | 166,220            | 166,220            |
| <b>Total liabilities</b>                               | <b>81,258,923</b>  | <b>108,480,284</b> | <b>191,630,584</b> | <b>218,781,560</b> | <b>372,245,398</b> |
| <b>Equity</b>  |                    |                    |                    |                    |                    |
| Share capital  | 5,050,546          | 5,050,546          | 5,050,546          | 5,050,546          | 5,050,546          |
| Share premium  | 3,655,348          | 3,655,348          | 3,655,348          | 3,655,348          | 3,655,348          |
| Statutory reserve                                      | 5,478,651          | 6,171,410          | 6,844,066          | 7,608,741          | 8,364,841          |
| Fair value reserve                                     | 923,039            | 466,220            | (545,267.00)       | 870,146            | 3,051,029          |
| Credit risk reserve                                    | 397,224            | 647,767            | 1,403,384          | 2,460,504          | 3,577,093          |
| Retained earnings                                      | 10,284,349         | 13,201,861         | 14,740,188         | 14,923,544         | 16,412,575         |
| Treasury Stock   | -                  | -                  | -                  | -                  | -                  |
| <b>Total equity attributable to owners of the Bank</b> | <b>25,789,157</b>  | <b>29,193,152</b>  | <b>31,148,265</b>  | <b>34,568,829</b>  | <b>40,111,432</b>  |
|  |                    |                    |                    |                    |                    |
| <b>Total liabilities and Equity</b>                    | <b>107,048,080</b> | <b>137,673,436</b> | <b>222,778,849</b> | <b>253,350,389</b> | <b>412,356,830</b> |

## Coronation Merchant Bank Limited

### Rating Assigned:

**A+**

Outlook: Stable  
 Issue Date: 9 June 2021  
 Expiry Date: 30 June 2022  
 Previous Rating: A+

Industry: Merchant Banking

### Analysts:

**Chiamaka Ozorjiri**  
 chiamaka.ozorjiri@agusto.com

**Ayokunle Olubunmi, CFA**  
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**Agusto & Co. Limited**  
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 Lagos  
 Nigeria

[www.agusto.com](http://www.agusto.com)

*A financial institution of good financial condition and strong capacity to meet its obligations as and when they fall due.*

### RATING RATIONALE

Agusto & Co. affirms the 'A+' rating assigned to Coronation Merchant Bank Limited ('Coronation MB' or 'the Bank'). The rating reflects its good asset quality, good capitalisation, satisfactory profitability and experienced management team. Nonetheless, the rating is constrained by obligor concentration in the Bank's loan book and a funding mix tilted largely to more expensive funding sources (typical of merchant banks in Nigeria). The fragile macroeconomic climate and prevailing industry risks also impact negatively on the Bank's rating.

As at 31 December 2020, Coronation MB's gross loans and advances stood at ₦122.9 billion, a marked year-on-year increase of 69%. Growth was sustained by an expansion in trade financing, a key lending focus. As at the FYE 2020, Coronation MB did not record any impaired loan and had the entire loan book classified under stage 1. Nevertheless, the concentration in the loan book remains as the top 20 obligors accounted for 85% of gross loans as at the FYE 2020. Thus, Coronation MB remains vulnerable to deterioration in the financial condition of any of these top obligors, particularly in a period of economic downturn. Nevertheless, our concerns are somewhat moderated by the quality of obligors (largely blue-chip corporates) and the short-term nature of the facilities.

As at 31 December 2020, Coronation MB's tier 1 (core capital) stood at ₦37.1 billion, higher than the prior year's ₦33.7 billion and above the ₦15 billion minimum limit for merchant banks. With the successful floating of the Bank's maiden bond issuance, tier 2 capital improved 32 times to ₦27.9 billion as at the FYE 2020. Coronation MB's capital adequacy ratio (CAR) increased slightly to 19.9% (FYE 2019: 19.2%) and remained higher than the 10% regulatory minimum prescribed for merchant banks. In our opinion, the Bank's capitalisation is good for the level of business risks undertaken.

Similar to other merchant banks, sourcing stable low-cost deposits remains a challenge for Coronation MB and as a result, higher volumes of high-cost deposits remains a drag on performance. Nevertheless, as at the FYE 2020, the Bank's low-cost local currency (LCY) deposits to total LCY deposits ratio improved to 31% (FYE 2019: 15%) and translated to a weighted average cost of funds (WACF) of 4.76% from 9.9% in FY 2019. However, unaudited results as at Q1 2021 reveals that Coronation MB's low-cost LCY deposits to total LCY deposits ratio had declined to 22% as yields on investment securities increase and customers moved to better yielding assets. While the Bank's deposit mix may improve in the near term with additional collection mandates from several government agencies to boost demand deposits, we believe that the WACF will increase with improving treasury yields and the commencement of coupon payments to bondholders in May 2021.

Despite the COVID-19 pandemic and its negative effects on the banking industry as well as the low yield environment, Coronation MB's net earnings improved moderately by 14.3% year-on-year to ₦11.9 billion strongly upheld by treasury income, given the Bank's strong treasury capabilities. The improved net earnings moderated the impact of operating expenses and translated to a marginally lower 51.2% cost-to-income ratio (CIR), relative to 51.6% posted in the prior year. Consequently, pre-tax return on average equity (ROE) increased marginally to 16.3% (FY 2019: 15.4%), albeit, pre-tax return on average assets and contingents (ROA) declined to 1.4% (FY 2019: 1.7%). The Bank's ROE compared favourably with the average inflation rate of 13.2% in 2020. In 2021, Coronation MB projects a 17% growth in loans and advances to ₦143.3 billion and a profit before tax of ₦8 billion, 38% higher than the FY 2020. We believe that proficiency in securities trading, traction in investment banking activities and expansion across select sectors for corporate lending should sustain profitability in the near term.

Based on the aforementioned, we hereby attach a **stable** outlook to the rating of Coronation Merchant Bank Limited.



Public credit rating report | Nigerian Financial Institution | August 2021\*

## Coronation Merchant Bank Limited

| Rated Entity                     | Rating class      | Rating scale | Rating              | Outlook |
|----------------------------------|-------------------|--------------|---------------------|---------|
| Coronation Merchant Bank Limited | Long Term Issuer  | National     | A <sub>1</sub> (NG) | Stable  |
|                                  | Short Term Issuer | National     | A2(NG)              |         |

### Strengths

- Sound risk position with nil non-performing loans ("NPL") and credit losses broadly comparable with industry average.
- Adequate funding and liquidity position.

### Weaknesses

- Modest competitive position constrained by limited market share.
- Loan book concentration by obligors.
- Significant reliance on wholesale funding from financial institutions.

### Rating rationale

The ratings of Coronation Merchant Bank Limited ("Coronation MB" or "the bank") reflect its adequate funding and liquidity position, and sound asset quality metrics, as evidenced by the nil NPL since inception to date. However, these strengths are partly offset by the bank's modest competitive position, significant loan book concentration and heavy reliance on wholesale funding from financial institutions.

Coronation MB is a strong player within the Nigerian merchant banking subsector based on its product/service delivery, loan portfolio and deposit mobilisation capacity relative to peers. Leveraging its long track record (having previously operated as a discount house for over two decades) and partnerships, the bank ensures consistent enhancement of its operational scale, particularly within the trade finance space. Reflective of its relatively small customer base and the trends across the merchant banking subsector, elevated concentration risk is perceived, with the twenty largest obligors and depositors constituting 85.0% and 75.4% of gross loans and customer deposits respectively at FY20. Also, the bank evidenced moderate market share within the Nigerian banking industry in terms of total assets, customer deposits, and loan portfolio, which are estimated at 0.8%, 0.7% and 0.7% respectively at FY20. Management & Governance is a neutral ratings factor.

Capitalisation is assessed at an intermediate level. The GCR computed capital ratio registered at 17.6% at FY20 (FY19: 19.8%) and expected to moderate to 16%-17% range over the next 12-18 month in view of the outpacing growth in risk weighted assets vis-à-vis internal capital generation. Earnings quality is considered ratings negative, reflected by

revenue stability risk characterised by high source concentration and a material exposure to market sensitive income, which constituted a sizeable 42.5% of total operating revenue in FY20 (FY19: 41.3%).

Risk position is sound and a key ratings strength, underpinned by the bank's nil NPL since inception to date and moderate credit losses of 0.2% at FY20, which broadly compared favourably with the industry average of about 3%. Initial assessments of the potential impact of the COVID-19 pandemic indicated that the bank will not be immune to the sector-wide challenges, which include asset quality concerns and slower loan repayments. However, this impact has thus far remained minimal, with the bank making no recourse to regulatory forbearance during the period. That said, we expect NPL and credit losses to remain at similar strong range over the rating horizon on the back of sustenance of stringent underwriting criteria and the macroeconomic environment recoveries. Conversely, the loan book is considered highly concentrated, with the top twenty obligors accounting for 85% of the loan book at FY20. While this is a rating constraining factor and typical of merchant banks in Nigeria, management expects this concentration to moderate somewhat over the short to medium term on account of the recent sectoral coverage expansion. GCR is also cognisant of the bank's significant exposures to market risk considering the substantial market sensitive income realised in FY20.

Coronation MB's funding base is considered adequate, predominantly bolstered by the debut N25bn subordinated unsecured bonds issued during 2020, as well as its improved deposit mobilisation capacity. As a result, the GCR long term funding ratio and stable funding ratio was robust at 80.8% and 73.1% respectively at FY20. While cognizance is taken of the sizeable (41.3%) growth in customer deposits in FY20, concentration risk is evident, with the top twenty depositors accounting for 75.4% of the deposit book, the bulk of which were from financial institutions. Positively, liquidity position is solid, with the GCR liquid asset covering wholesale funding and customer deposits by 3.9x and 53.1% respectively at FY20.

#### Outlook statement

The stable outlook reflects GCR's expectation that Coronation MB's asset quality metrics would remain sound despite the strains in the operating environment, albeit with the loan portfolio concentration by obligor remaining high. GCR calculated capital ratio is anticipated to moderate to 16-17% range over the next 12-18 month given our expectation that the outpacing growth in risk weighted assets vis-à-vis internal capital generation will continue to weigh down capitalisation metrics. However, GCR will positively consider a material improvement in core earnings over the rating horizon. While we anticipate liquidity to remain sound, diversification of the deposit book with a better mix of non-financial institution clients would be positively considered.

#### Rating triggers

The ratings could be upgraded if Coronation MB materially improves its core earnings and achieves a core capital ratio above 20% on a sustainable basis, while also maintaining sound asset quality metrics. In addition, GCR would positively consider a well-diversified loan portfolio and funding base. Conversely, a downward rating movement could be triggered by a material deterioration in GCR computed capital ratio to below 15% range, asset quality pressures and increase reliance on wholesale funding from financial institutions.

#### Analytical contacts

|  |   |  |
|--|---|--|
| <b>Primary analyst</b><br>Lagos, NG        | Yinka Adeoti<br>Adeoti@GCRratings.com     | Financial Institutions Analyst<br>+2341 904 9462 |
| <b>Committee chair</b><br>Johannesburg, ZA | Matthew Pirnie<br>MatthewP@GCRratings.com | Group Head of Ratings<br>+27 11 784 1771         |

## GENERAL INFORMATION

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- **Authorisation**

This CP Programme and Notes issued hereunder were approved by the resolution of the Board of Directors of Coronation Merchant Bank Limited dated 28<sup>th</sup> March 2022.

- **Auditors**

PricewaterhouseCoopers acted as auditors of the annual financial statements of the Issuer for the financial years ended 31 December 2019, and 31 December 2020 and was responsible for the audit, and issued unqualified report.

- **Commercial Paper Outstanding**

The Issuer has commercial paper worth ₦58,220,871,000.00 outstanding as at the date of this Programme Memorandum. Within the financial year ending 31 December 2022, the Issuer does not anticipate the amount of CPs to be issued to exceed the Programme size.

- **Going Concern**

The Issuer is at the date hereof a going concern, and can be reasonably expected to meet all of its obligations as and when they fall due.

- **Litigation**

The Issuer is not engaged (whether as defendant or otherwise) in any legal, arbitration, administration or other proceedings, the result of which might have or have had a material effect on the financial position or the operations of the Issuer, nor is the Issuer aware of any such proceedings being threatened or pending.

- **Material Contracts**

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

- i. the Deed of Covenant dated 28<sup>th</sup> March 2022 executed by the Issuer as a deed poll in favour of the Note holders;
  - ii. the Deed of Undertaking dated 28<sup>th</sup> March 2022 executed by the Issuer as a deed poll in favour of the Noteholders;
  - iii. the Dealer Agreement dated 28<sup>th</sup> March 2022 executed by the Arranger and the Issuer; and
  - iv. the Issuing, Placing, Paying and Collecting Agency Agreement dated 28<sup>th</sup> March 2022 executed by the Issuer, and the Issuing, Placing, Paying and Collecting Agents
- v. Other material contracts in respect of any issuance of Notes under the Programme will be disclosed in the Applicable Pricing Supplement issued in respect of that Series or Tranche.
- **Ultimate Borrower**

The Issuer is the borrower in respect of the Notes.

**PARTIES TO THE TRANSACTION**

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**ISSUER**

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**ARRANGER**

**Coronation Merchant Bank Limited**

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**AUDITOR**

**PricewaterhouseCoopers**

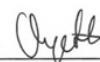
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