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VFD GROUP PLC RC 829196

₦20,000,000,000 COMMERCIAL PAPER ISSUANCE PROGRAMME

VFD Group Plc (“VFD Group” or the “**Issuer**” or the “**Company**”), a public limited liability company incorporated in Nigeria, has established this ₦20,000,000,000 Commercial Paper Issuance Programme (the “**CP Programme**”), under which VFD Group may from time-to-time issue Commercial Paper notes (“**CP Notes**” or “**Notes**”), denominated in Nigerian Naira, 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 herein) 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 ₦20,000,000,000 or its equivalent in any other currency 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.

The CP Notes will be issued in dematerialized form, registered, quoted, and traded via the FMDQ Securities Exchange Limited (“**FMDQ Exchange**”) Platform in accordance with the rules, guidelines and such other regulation as prescribed by the Central Bank of Nigeria (“CBN”) and FMDQ Exchange from time to time, or any other recognized trading platform as approved by the CBN. Securities will settle via the Central Securities Clearing System PLC (“**CSCS**”), acting as Custodian 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 are 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.

LEAD ARRANGER/ISSUING AND PLACING AGENT



KAIROS
CAPITAL

RC: 1517636

JOINT ARRANGERS/ISSUING AND PLACING AGENTS



AFRINVEST

RC: 1706693



EMERGING
AFRICA

RC: 1498096



CAPITAL

RC: 639491

THIS PROGRAMME MEMORANDUM IS DATED 13 OCTOBER 2022

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DEFINITIONS AND INTERPRETATIONS

In this Programme Memorandum, unless a contrary indication appears, the following expressions shall have the meanings indicated in the table below. Words in the singular shall include the plural and vice versa, references to a person shall include references to a body corporate, and reference to a gender includes the other gender.

“Agency Agreement”	The Collecting and Paying Agency Agreement dated 13 October 2022, or about the date of this Programme Memorandum executed by the Issuer, and the Collecting and Paying Agent(s)
“Applicable Pricing Supplement”	The Pricing Supplement applicable to a particular Series or Tranche of Notes
“Arrangers” or “Issuing and Placing Agents” or “IPA”s”	Lead Arranger and IPA and Joint Arranger and IPA
“Authorized Participants”	Dealing Members of the FMDQ Securities Exchange Limited who are licensed members authorized to make a market in securities admitted to trade on the FMDQ Exchange platform
“BA”	Banker’s Acceptance
“Board” or “Directors”	Board of Directors of VFD Group PLC
“Business Day”	Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria on which banks are open for business in Nigeria
“Business Hours”	8.00 am to 5.00pm on any Business Day
‘CAMA’	The Companies and Allied Matters Act No.3 of 2020 as may be amended from time to time
“CBN”	Central Bank of Nigeria
“CBN Guidelines”	CBN’s Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers, issued on 11 th September 2019, and the CBN Circular of 12 th July 2016 on Mandatory Registration and Listing of Commercial Paper, as amended or supplemented from time to time
“Clean CP”	A CP not backed by a guarantee or such other credit enhancement
“CSD”	Central Securities Clearing System PLC or FMDQ Depository Limited (which expression shall include their successors) or any additional or alternative clearing system recognised or registered by SEC as may otherwise be specified in the Applicable Pricing Supplement.
“Central Securities Depository” or “CSD”	The rules and operating procedures for the time being of the relevant CSD
“CGT”	The Capital Gains Tax as provided for under the Capital Gains Tax Act (Cap. C1) LFN 2004 (as amended by the Finance Act 2019, Finance Act 2020 and Finance Act 2021).

“CITA”	Companies Income Tax Act Cap C21, LFN 2004 (as amended by the Companies Income Tax Act No 11 of 2007) and the Finance Acts 2019, 2020 and 2021)
“Collecting and Paying Agent” or “CPA”	United Bank for Africa Plc as collecting and paying Agents and/or any successor Collecting, and Paying Agent(s) appointed from time to time in accordance with the Agency Agreement
“Commercial Paper”, “CP”, “CP Notes” or “Notes”	Unsecured Commercial Paper Notes to be issued by the Issuer under the CP Programme and any Applicable Pricing Supplement in form of short-term zero-coupon notes held in dematerialised form by the Noteholders through the CSD.
“Conditions or “Terms and Conditions”	Terms and conditions, in accordance with which the Notes will be issued, are set out in the section of this Programme Memorandum headed “Terms and Conditions of the Notes”
“CP Programme” or “Programme”	The CP 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 ₦20,000,000,000
“Clearing System”	Clearing system approved by the Issuer or as may otherwise be specified in the Applicable Pricing Supplement
“CSCS PLC”	Central Securities Clearing System PLC
“Day Count Fraction”	The method of calculating the discount in respect of a Note as specified in the Applicable Pricing Supplement
“Dealing Member”	An FMDQ-licensed member authorized to make a market in securities admitted to trade on the FMDQ platform
“Deed of Covenant”	The Deed of Covenant dated 13 October 2022 which shall take effect as a deed of poll by the Issuer for the benefit of the holders of the Notes
“Eligible Investor” or “EI”	An investor that is not a Qualified Institutional Investor (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
“Event of Default”	An event of default by the Issuer as set out in Condition 9 of the “Terms and Conditions of the Notes”
“Face Value”	The par value of the Notes
“FGN”	Federal Government of Nigeria
“FIRS”	Federal Inland Revenue Service
“FMDQ Depository Limited” or “FMDQ Depository”	A clearing system approved by the Issuer or as may otherwise be specified in the Applicable Pricing Supplement
“FMDQ Exchange Rules”	The Commercial Paper Registration and Quotation Rules of FMDQ Exchange dated April 2021 (as may be amended from time to time) and includes rules, guidelines, membership agreements, market bulletins and such other regulations with respect to the

	issuance, registration and quotation of commercial papers as may be prescribed by FMDQ Exchange from time to time
“FMDQ Exchange”	FMDQ Securities Exchange Limited, a securities exchange and self-regulatory organisation licensed by the Securities and Exchange Commission to provide a platform for listing, quotation, registration and trading of debt securities amongst others;
“Force Majeure”	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, and industrial unrest
“Government”	Any federal, state or local government of the Federal Republic of Nigeria
“Implied Yield”	The yield accruing on the Issue Price of a Note, as specified in the Applicable Pricing Supplement
“Issue Date”	The date upon which the relevant Series/Tranche of the Notes is issued as specified in the Applicable Pricing Supplement
“Issue Price”	The price at which the relevant Series/Tranche of the Notes is issued, as specified in the Applicable Pricing Supplement
“Issuer”, “VFD Group”, or the “Company”	VFD Group PLC
‘Issue Date’	The date upon which the relevant Series/Tranche of the Notes is issued as specified in the Applicable Pricing Supplement
‘Issue Price’	The price at which the relevant Series/Tranche of the Notes is issued, as specified in the Applicable Pricing Supplement.
“Issuing and Placing Agent” or “IPA”	Kairos Capital Limited, Afrinvest Capital Limited, Emerging Africa Capital Advisory Limited Quantum Zenith Capital & Investments Limited and any other Issuing and Placing Agent 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 Issuing and Placing Agent
“Issuing and Placing Agency Agreement”	The Issuing and Placing Agency Agreement between the Issuer and the IPAs
“Joint Arrangers and IPAs”	Afrinvest Capital Limited, Emerging Africa Capital Advisory Limited and Quantum Zenith Capital & Investments Limited
“Lead Arranger and IPA”	Kairos Capital Limited

"LFN"	Laws of the Federation of Nigeria
"Maturity Date"	The date as specified in each Applicable Pricing Supplement on which the Principal Amount is due
"Material Adverse Change"	A material adverse effect on the ability of the Issuer to perform and comply with its payment obligations under the CP Programme
"Naira", "NGN" or "N"	The Nigerian Naira
"NIBOR"	The Nigerian Inter-bank Offered Rate
"Noteholders"	The several persons for the time being, whose names are shown in the records of the CSD and/or entered in the Register of Noteholders as holders of the Notes and shall include the legal and personal representatives or successors of the Noteholders and those entered as joint Noteholders
"Notes"	The Commercial Paper issued by the Issuer from time to time pursuant to the Programme Memorandum and any Applicable Pricing Supplement as promissory notes and held in a dematerialized form by the Noteholders through the CSD
"OTC"	Over the Counter
"Outstanding"	<p>In relation to the Notes, all the Notes issued, other than:</p> <ul style="list-style-type: none"> (i) those Notes which have been redeemed pursuant to these Conditions (ii) those Notes in respect of which the date (including, where applicable, any deferred date) for its redemption in accordance with the relevant conditions has occurred and the redemption moneys have been duly paid in accordance with the provisions of the Agency Agreement and (iii) those Notes which have become void under the provisions of the Collecting and Paying Agency Agreement
"PITA"	Personal Income Tax Act Cap P8, LFN 2004 (as amended by the Personal Income Tax (Amendment) Act No 20 of 2011) and the Finance Acts 2019, 2020 and 2021
"Pricing Supplement" or "Applicable Pricing Supplement"	The Pricing Supplement is applicable to a particular Series or Tranche of Notes issued under the CP Programme
"Principal Amount"	The nominal amount of each Note, as specified in the Applicable Pricing Supplement
"Programme"	The ₦20,000,000,000 (Twenty Billion Naira) CP issuance programme established by the Issuer allows for the multiple issuances of Notes from time to time
"Programme Memorandum"	This Programme Memorandum dated 13 October 2022 which sets out the aggregate size and broad terms and condition of the Commercial Paper programme
"Qualified Institutional Investor" or "QII"	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
“Redemption Amount”	The amount specified in the Applicable Pricing Supplement as the amount payable in respect of each Note on the Redemption Date
“Redemption Date”	In relation to any Tranche, the date on which redemption monies are due and payable in respect of the Notes as specified in these Conditions and the Applicable Pricing Supplement
“Register”	A register or such registers as shall be maintained by the Registrar in which are recorded details of Note holders
“Registrar”	The Central Securities Depository or such other registrar as may be appointed by the Issuer in respect of the Notes issued under the Programme
“Relevant Currency”	The currency in which payments in respect of the Notes of the relevant Tranche or Series are to be made as indicated in the Applicable Pricing Supplement
“Relevant Date”	The payment date of any obligation due on the Notes
“Relevant Last Date”	The date stipulated by CSD and specified in the Applicable Pricing Supplement, after which transfer of the Notes will not be registered
“SEC”	The Securities and Exchange Commission
“Series”	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
“Special Resolution”	A resolution passed by at least three-fourths (3/4) majority of the total number of Noteholders at any point in time
“The NGX”	The Nigerian Exchange Limited
“Tranche”	Notes which are identical in all respects
“Unique Identifier”	A code specifically designated/assigned to identify a CP
“VAT”	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 Acts 2019, 2020 and 2021)
“WHT”	Withholding Tax as provided for in section 78(2) of CITA and section 70 of PITA
“Zero Coupon Note”	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 overdue payment.

IMPORTANT NOTICE AND DISCLAIMERS

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 ₦20,000,000,000 (Twenty 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 Noteholders for the issue of Notes under the Programme.

The Issuer accepts responsibility for the information contained in this Programme Memorandum. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained or incorporated by reference in this Programme Memorandum is correct and does not omit anything 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 reasonably 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.

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.

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 or Arranger, that any recipient of this Programme Memorandum or any other information supplied in connection with the CP Programme should purchase any Notes.

No representation, warranty or undertaking, express or implied is made and no responsibility is accepted by the Arranger 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 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.

Specifically, FMDQ Exchange 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.

Each person contemplating purchasing any Commercial Paper should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Programme Memorandum nor any other information supplied in connection with the CP Programme constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Notes.

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.

CORPORATE DIRECTORY

Head Office

Foresight House,
163/165, Broad Street,
Marina,
Lagos.

Email Address:

legal@vfdgroup.com

Website

<http://www.vfdgroup.com/>

DIRECTORS, COMPANY SECRETARY AND PARTIES TO THE OFFER AND AUDIT COMMITTEE

Directors:	<p>Mr. Olatunde Busari (SAN), (Chairman) Foresight House, 163/165 Broad Street, Marina, Lagos Island Lagos</p> <p>Mr. Nonso Okpala, (Group Managing Director/CEO) Foresight House, 163/165 Broad Street, Marina, Lagos Island Lagos</p> <p>Mrs. Ngozi Aghanya, Non-Executive Director Foresight House, 163/165 Broad Street, Marina, Lagos Island Lagos</p> <p>Mr. Suleiman Lawal, Non-Executive Director Foresight House, 163/165 Broad Street, Marina, Lagos Island Lagos</p> <p>Mr. Celestine Ozigbo, Non-Executive Director Foresight House, 163/165 Broad Street, Marina, Lagos Island Lagos</p> <p>Mr. Mobolaji Adewumi, Non-Executive Director Foresight House, 163/165 Broad Street, Marina, Lagos Island 300251 Lagos</p> <p>Mr. Adeniyi Adenubi, Executive Director Foresight House, 163/165 Broad Street, Marina, Lagos Island Lagos</p> <p>Ms. Jewel Okwechime, Non-Executive Director Foresight House, 163/165 Broad Street, Marina, Lagos Island Lagos</p> <p>Gbenga Omolokun Non-Executive Director Foresight House, 163/165 Broad Street, Marina, Lagos Island 300251 Lagos</p>
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	<p>Mr. Azubike Emodi, Non-Executive Director Foresight House, 163/165 Broad Street, Marina, Lagos Island Lagos</p> <p>Kelvin Orogun, Non-Executive Director Foresight House, 163/165 Broad Street, Marina, Lagos Island Lagos</p> <p>Folajimi Adeleye, Executive Director, Finance Foresight House, 163/165 Broad Street, Marina, Lagos Island Lagos</p> <p>John Okonkwo, Executive Director, COO Foresight House, 163/165 Broad Street, Marina, Lagos Island Lagos</p> <p>Femi, Akinware, Non-Executive Director, Foresight House, 163/165 Broad Street, Marina, Lagos Island Lagos</p>
Company Secretary:	<p>Structure HQ 8, Norman Williams street, Ikoyi, Lagos</p>
Financial Adviser:	<p>Kairos Capital Limited 2nd Floor, Foresight House, 163/165 Broad Street, Lagos Island Lagos</p>

SUMMARY OF THE PROGRAMME

The following is a summary of the terms and conditions of the Commercial Paper Programme Issue by VFD Group Plc. This summary draws attention to information contained elsewhere in the Programme Memorandum; it does not contain all the information any prospective investor should consider in making an investment decision. The Prospective investor is therefore advised to read the entire Programme Memorandum.

ISSUER:	VFD Group PLC
LEAD ARRANGER/IPA AND SPONSOR TO THE REGISTRATION:	Kairos Capital Limited
JOINT ARRANGER/IPA:	Afrinvest Capital Limited Emerging Africa Capital Advisory Limited Quantum Zenith Capital & Investments Limited
ISSUING AND PLACING AGENTS:	Kairos Capital Limited, Afrinvest Capital Limited, Emerging Africa Capital Advisory Limited and Quantum Zenith Capital & Investments Limited
COLLECTING AND PAYING AGENTS:	United Bank of Africa Plc
AUDITOR:	Deloitte and Touche
CUSTODIAN:	FMDQ Depository Limited, Central Securities Clearing System PLC.
SOLICITORS:	Udo Udoma & Belo-Osagie (UUBO)
PROGRAMME:	The commercial paper issuance programme established by the Issuer, on its behalf, allows for the multiple issuances of Notes from time to time under a standardized documentation framework
PROGRAMME SIZE:	₦20,000,000,000 (Twenty Billion Naira) aggregate principal amount of Notes outstanding at any point in time
ISSUANCE IN SERIES:	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, each a 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
ISSUE PRICE:	The price at which the relevant Series/Tranche of the Notes is issued, as specified in the Applicable Pricing Supplement.
ISSUE SIZE:	As specified in the Applicable Pricing Supplement
USE OF PROCEEDS:	The net proceeds from each issue of Notes will be used solely to support the Issuer's short term funding requirements, as part of its asset and liability management strategy or as may otherwise be described in the applicable Pricing Supplement.
INTEREST PAYMENTS:	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.
METHOD OF ISSUE:	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

MATURITY DATE:	As specified in the Applicable Pricing Supplement, subject to a minimum tenor of fifteen (15) days and a maximum of two hundred and seventy (270) days (including rollover, from date of issue). The maturity date of all outstanding CPs shall also not exceed the validity period of the applicable Issuer/CP Programme rating designated at the commencement of the registration of the CP Programme.
DEFAULT RATE:	Interest rate equivalent to the daily overnight NIBOR + 5% per annum or issue rate + 5% per annum (whichever is higher)
CURRENCY OF ISSUE:	Nigerian Naira
REDEMPTION:	As stated in the Applicable Pricing Supplement, subject to the CBN Guidelines
ISSUER RATING:	<p>The Issuer has been assigned 'A' ratings from DataPro Limited</p> <p>Pursuant to the CBN Guidelines and FMDQ Exchange Rules, the Issuer or the specific issue itself shall be rated by a rating agency registered in Nigeria or any international rating agency acceptable to the SEC.</p> <p><i>{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}</i></p>
STATUS OF NOTE:	Each Note constitutes a direct, unconditional, senior and unsecured obligation of the Issuer. The Notes rank <i>pari passu</i> among themselves and save for certain debts mandatorily preferred by law, with other present and future senior secured obligations of the Issuer outstanding from time to time.
QUOTATION:	The Issuer will Quote Series or Tranche of Notes on the FMDQ Exchange Platform or any other recognized 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 or listed on the relevant trading platform.
SOURCE OF REPAYMENT:	The repayment of all obligations under the CP issuance will be funded from the cash flows of the Issuer
REGISTRATION & QUOTATION:	In compliance with the CBN circular on Mandatory Registration and Listing of Commercial Papers issued on 12 July 2016, an application has been made to FMDQ Exchange for the Registration of the Programme. The Issuer may elect at its discretion to have any Series or Tranche of Notes quoted on the FMDQ Exchange platform or any other recognized 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
BUSINESS DAY CONVENTION:	Any day other than a Saturday, Sunday or a public holiday declared by the Federal Government of Nigeria, on which banks are open for business in Nigeria
TAXATION:	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 Note holders. However, the discount on the Notes may be taxed in accordance with applicable Nigerian tax laws.
GOVERNING LAW:	The Notes issued under the Programme and all related contractual documentation will be governed by and construed in accordance with the laws of the Federal Republic of Nigeria.

SETTLEMENT PROCEDURES:	Purchases will be settled via direct debit, electronic funds transfers, NIBBS Instant Payment (NIP), NIBBS Electronic Funds Transfer (“NEFT”) or Real Time Gross Settlement (“RTGS”) and in accordance with the guidelines and procedures of the CSD.
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ABOUT THE ISSUER

OVERVIEW OF VFD GROUP PLC

VFD Group Plc was incorporated with the Corporate Affairs Commission (CAC) on July 07, 2009 and commenced business operations effectively on January 01, 2011. Its name was changed to VFD Group Limited by a special resolution of the Board and with the authority of the CAC on February 1, 2016.

VFD Group is a proprietary investment company that focuses on building positive and socially conscious ecosystems by aggregating potentially viable business with the objective of creating innovative products and solutions that are accessible to the everyday Nigerian citizen and entrepreneur.

BUSINESS SEGMENTS

VFD Group Plc was founded on the values of integrity and good governance, and built on the strength of innovation and network, the goal of VFD Group is to establish a firm foothold in various ecosystems on the continent through their subsidiary companies. VFD Group operates through various portfolio to provide innovative financial services – alternative funding and investment channels – that are accessible to individuals and small businesses. Their portfolios provide the following services:

- Financial Advisory
- Currency Exchange
- Debt services
- Private Funds Management
- Asset Management
- Real Estate
- International Remittance/ Settlement

Founded on the values of integrity and good governance, and built on the strength of innovation and network, the goal of VFD Group is to establish a firm foothold in various ecosystems on the continent through various subsidiary companies. The subsidiaries include:

- **Everdon Bureau de Change:** A certified foreign exchange company with operating license granted in January 2014 by the CBN. Everdon trades in major global currencies, including the US dollar, UK pound sterling and the Euro. They are monitored by the Central Bank of Nigeria and are fully compliant with all federal regulations governing the operations of Bureau de change in Nigeria.
- **VFD Microfinance Bank (VFD MFB):** VFD MFB provides high yield savings packages and low interest rates on loans. The bank is guided by the CBN Policy and Regulatory Framework for Microfinance Banks in Nigeria and International best practice of Micro Finance Banking Compliance.
- **Anchoria Asset Management Limited (AAM):** AAM provides investors with strategies and expertise that span the full spectrum of asset classes available in Nigeria. They are licensed and regulated by the Securities and Exchange Commission (SEC), Nigeria and their investment products focus on capital preservation and while providing income and asset class diversification.
- **Dynasty Real Estate (DRE):** DRE is a professional real estate developer and investment company, overseeing the construction of distinctive, affordable residential and commercial buildings in major Nigerian cities. As a subsidiary of VFD Group, DRE partners with all clients, corporations and individuals within and outside the business ecosystems of VFD Group to develop top-notch properties for residential and commercial use.
- **TransferCorp:** TransferCorp is a remittance company in the United Kingdom licensed by the Financial Conduct Authority (FCA) to carry out the business of remittance. TransferCorp is the owner of paysnapp.com, an innovative remittance brand in the digital space.

- **VFD Bridge:** VFD Bridge is a debt investment company that provides personal financial advisory services to individuals and small businesses. Drawing from its subsidiary status of the Group, it provides financing to businesses above the capacity of the microfinance bank.
- **VFD Tech:** VFD Tech (VFD-TECH) is a generalist Technology Company currently providing the Information Technology services needs of VFD Group Plc and its Subsidiaries.
- **Kairos Capital Limited:** Kairos Capital provides customized financial solutions to corporates based on the understanding of their strategic intentions and needs. Kairos Capital is registered with the Securities and Exchange Commission as an Issuing House, Underwriter and Financial Adviser
- **Anchoria Investment and Securities Limited:** Anchoria Investment and Securities Limited is a provider of investment and financial services tailored to satisfy the needs of individual and institutional clients; operating in both primary and secondary markets. Anchoria Investment and Securities Limited is a member of The Nigerian Stock Exchange licensed to deal in shares and stocks on all trading floors of the exchange.
- **Boardroom Apartments Limited:** Boardroom Apartments is a luxury mixed-used space with lodging, wellness and dining consisting of; Eight Executive rooms with private dining, Five Luxurious short-let Apartments, Rooftop bar and restaurant, 24-hour serviced Spa, Café and Gym. Boardroom Apartments offers 24-hrs customer service, Food and Beverage, room and laundry services for exclusive staycation, weekend getaway, events and meetings.
- **Atiat Insurance Brokers:** Atiat (Formerly TOM) Insurance Brokers Ltd (Atiat IB) was incorporated in April 2007 to carry on the business of Insurance Brokerage and Risk Consulting. The company is licensed by the National Insurance Commission (NAICOM) to transact in all classes of insurance (Life & General). Atiat is a registered member of the Nigerian Council of Registered Insurance Brokers (NCRIB), the umbrella body for Insurance Brokers in Nigeria and has a team of qualified professionals that manage and direct the affairs of the firm.

Through these companies, VFD Group aims to creatively and consistently build capacity to provide financial solutions that cater to every need an individual or small business might have, leading her to becoming the foremost financial services brand in Nigeria and on the continent.

PROFILE OF BOARD OF DIRECTORS AND MANAGEMENT TEAM OF VFD GROUP

BOARD OF DIRECTORS

OLATUNDE BUSARI (SAN) - CHAIRMAN

Olatunde Busari (SAN) is the Chairman of VFD Group Plc. He holds a B.Sc. in Political Science from the University of Ife, Nigeria (1984). He also obtained the Bachelor's Degree (LL.B) in Law from the University of Ibadan, Nigeria (1988), and a Master's Degree (LL.M) in Law from the University of Lagos, Nigeria in 1997.

Mr. Busari was called to the Nigerian Bar in 1989 and is a Senior Advocate of Nigeria. He is a highly resourceful legal specialist with versed experience in company management. He started his career in 1990 at Babalakin & Co from where he progressed to Akinwunmi & Busari in 1993 till date.

MR. NONSO OKPALA - MANAGING DIRECTOR

Nonso Okpala is the Group Managing Director of VFD Group Plc. He holds a B.Sc. in Marketing from the University of Nigeria Enugu Campus in 2003. He started his career in 2004 at KPMG Professional Services as a Senior Auditor. In 2008 he moved to BGL Plc working in their corporate finance and wealth management teams. In 2010 he joined Heirs Holding Ltd an African Proprietary Investment Company. Charged with the design and implantation of Heirs Holdings' financial strategy, he played a pivotal role in implanting the turnaround/establishment strategy of its investee companies as Chief Financial Officer. In 2016, he moved to VFD Group.

ADENIYI ADENUBI – EXECUTIVE DIRECTOR

Adeniyi Adenubi is the Director, Institutional Business and Investor Relations of VFD Group Plc. He has over eight years of hands-on experience in Private Equity, Venture Capitalism and Financial Advisory. His previous work experience includes Royal Bank of Scotland (2005-2007) and ATOS Consulting (2007-2008) and has acted as financial adviser to numerous firms in London and also in Nigeria. In 2009 he joined PremiumGreen Nigeria Limited as the Vice Chairman. Niyi left PremiumGreen in 2016 to join VFD group as an Executive Director

Niyi is the Chairman of Anchoria and serves on the board of many other companies. He is passionate about Corporate Governance and brings this to bear on all Boards that he serves on. He has certifications in Finance and Business Management from the Tanaka Business School.

Niyi has specific oversight on Corporate Governance at VFD. Niyi is a graduate of Sociology from the University of Ibadan (2004).

FOLAJIMI ADELEYE – EXECUTIVE DIRECTOR, FINANCE

Folajimi Adeleye is the Executive Director, Finance of VFD Group Plc. He has experience spanning over 12 years in audit and advisory services, financial reporting, and financial management including set up of finance function for start up companies in the financial services industry. His industry experience cuts across commercial banks, primary mortgage institutions, asset management, pension fund administrators, microfinance banks, discount houses, not for profit organizations etc. His experience also spans across IFRS compliance, IFRS conversion projects and audits, Internal controls/compliance, control designs and risk-based auditing, Finance team and function set up for startup companies, Credit management, loan review, credit analysis and budgetary analysis, Tax management and regulatory compliance reporting.

Prior to being at VFD Group Plc, Folajimi has served as Finance Manager with One Finance and Investments Limited (2014-2018) and as Senior Audit Associate, KPMG Professional Services (2008-2014). Folajimi joined VFD Group Plc in 2018. He has a B.Sc. in Economics from the Ahmadu Bello University Zaria, Kaduna State Nigeria (2006).

JOHN OKONKWO - EXECUTIVE DIRECTOR, CHIEF OPERATING OFFICER

John is the Group Executive Director and Chief Operating Officer. He has several years' experience in Finance, Audit, Risk Management, Sustainability Services and Corporate Governance Services. He was the Chief Financial Officer at Heirs Holdings Limited and was previously the Head of Business Assurance & Compliance in the same company.

MR. OLUWAGBEMIGA OMOLOKUN – NON-EXECUTIVE DIRECTOR

Mr. Oluwagbemiga Omolokun is a Non-Executive Director. He has developed specific skill in business process and technology management on various client projects across a number of industries. Gbemiga started his career as an Executive Trainee at Zenith Bank Plc in 2008. He then joined KPMG Advisory Services, Lagos as an Experienced Analyst in 2010, whilst at KPMG, Gbemiga acted as the program manager on a systems implementation project for a large manufacturing company across eight countries in Africa and ten project locations.

Gbemiga has worked on various business process/technology issues with numerous clients across a number of industries including the Public sector, Pharmaceuticals, Manufacturing and Financial Services. He left KPMG in 2016 to join VFD as an Executive Director/ COO VFD Group. Gbemiga holds a degree in Mathematics from Obafemi Awolowo University (OAU), Ile-Ife (2006).

NGOZI AGHANYA – NON-EXECUTIVE DIRECTOR

Ngozi Aghanya is a Non-Executive Director at VFD Group Plc. She is a lawyer with over a decade of legal experience. A graduate of law from Nnamdi Azikiwe University, Awka, in 2001, she also holds a post-graduate diploma in Strategic Management from the Institute of Strategic Management, Strategic Business School and an International Advanced Certificate in Compliance from Manchester Business School in 2015.

Ngozi comes with a wealth of experience in commercial legal transactions, particularly within the finance industry, notably with Greenwich Trust Group Ltd; a boutique investment bank and more recently, corporate advisory experience from Templars Law Firm, advising in both international and domestic transactions. She is a member of the Nigerian Bar Association (NBA) and Institute of Chartered Secretaries and Administrators (ICSA). Ngozi assists with legal advice on the board.

SULEIMAN LAWAL – NON-EXECUTIVE DIRECTOR

Suleiman Lawal is a Non-Executive Director of VFD Group Plc. He is a business strategist with vast experience in project management and proven leadership and management skills in challenging, multicultural and fast-paced environments.

He holds a B.Sc. in Information System (2010) and an MBA (2013) both from Strayer University, Washington, DC. He worked in SAGEM for many years where he gathered relevant management, sales and operations experience.

JEWEL OKWECHIME – NON-EXECUTIVE DIRECTOR

Jewel Okwechime is a Non-Executive Director at VFD Group Plc. She holds a B.Sc. in Chemical Engineering (1996-2000) and holds a Master of Engineering in Chemical and Bio-Process Engineering degree from the University of Surrey, Guilford, Surrey, England (2000). She has experience in Chemical and Environmental Engineering, developing and leading long-term strategic objectives that resulted in positive growth and innovation.

Jewel is recognized for excellence, serving in demanding leadership roles, maintaining flexibility through change and creativity to solve problems, with a record of achievements that surpasses expectations. She worked at Heirs Holdings as a Senior Executive Assistant (2014 – 2014), Transcorp Nigeria Plc as Head of Administration & Business Development (2014 – 2017) and J&R Environmental Services Ltd where she is the Managing Director - and Environmental Leader to date. Jewel joined the board of VFD Group Plc as a Non-Executive Director in 2018.

MR. AZUBIKE EMODI – NON-EXECUTIVE DIRECTOR

Mr. Azubike is a resourceful financial service specialist with experience in Retail and Commercial Banking Investment, Financial Planning and Advisory across African and European Markets. Azubike is a member of Investment Funds in Canada (IFC) (2017) and also an associate member of the Chartered Institute of Bankers of Nigeria (CIBN) (2015).

Azubike holds a B.Sc. in Banking and Finance (2003), MBA in Management (2008) and M.Sc. Banking and Finance (2010) all from the University of Nigeria, Enugu Campus.

Azubike started his career at Catholic Relief Services (CRS) Abuja as Finance Assistant Data Entry Officer in 2004. He left CRS in 2005 to join Zenith Bank Plc until 2016 when he joined VFD Microfinance Bank Ltd as Managing Director.

MR. MOBOLAJI ADEWUMI – NON -EXECUTIVE DIRECTOR

Mr. Mobolaji Adewumi is a Non-Executive Director at VFD Group Plc. holds a B.Sc. in Management and Accounting from the Obafemi Awolowo University, Ile Ife in 2004 and an MBA specializing in Finance from the Judge Business School, University of Cambridge in 2012. He is a member of the Association of Chartered Certified Accountants (ACCA) with over ten years post-qualification experience. Prior to joining VFD Group Plc, he worked with the Managing Director of First Bank of Nigeria Limited.

Prior to that, he was the Special Adviser to the Managing Director of ASO Savings and Loans Plc while doubling as Head of Strategy. Bolaji has deep financial services experience and expertise, having worked with regional and global leaders in the financial services sector, such as the United Bank for Africa and KPMG Nigeria.

CELESTINE OZIGBO – NON-EXECUTIVE DIRECTOR

Celestine is a Non-Executive Director at VFD Group Plc. He is currently a Director in Lyca Digitals Ltd. Prior to joining Lyca Digitals, he worked at United Bank for Africa Plc for three years where he rose to the position of Group Head, Corporate Banking. He was responsible for heading and managing the bank's business relationships with many major multinationals and large corporate organisations.

He was previously Branch Manager, ASPMDA, BBA and Onipanu Branches, First Inland Bank Plc. He joined First Inland Bank after spending four years in First Atlantic Bank Plc. Celestine started his career in Fidelity Bank plc. Celestine holds a B.sc in Banking and Finance from the University of Nigeria Enugu Campus in 1999. He has an MBA in Business Administration from the University of Lagos in 2014.

KELVIN OROGUN – NON-EXECUTIVE DIRECTOR

Kelvin is a Non-Executive Director at VFD Group PLC. He is Managing Director and Chief Executive Officer at Cashpot Limited, a money remittance company with headquarters in London and offices in Lagos, Nigeria. Prior to starting Cashpot he was the Managing Director, Africa Market- small world financial services Group Ltd, from October 2006 to December 2010 and had started his career in Universal Trust Bank. Kelvin holds a Bachelor's degree in Computer Science from the University of Benin and an MBA from Cass Business School- City University London. He is also a Non-Executive Director at Anchoria Asset Management Limited

FEMI AKINWARE – NON-EXECUTIVE DIRECTOR

Femi Akinware is a Non-Executive Director, VFD Group Plc. He is an experienced telecommunications executive, an entrepreneur and a seasoned engineer with over 24 years of accomplished leadership spanning nearly every area of telecoms business. Femi spent 15 years working on mergers and acquisitions, asset building, corporate development, business process re-engineering, IT Consultancy and business start-ups. He has served in a variety of roles including CEO of Tagattitude Nigeria Ltd, Partner at DSL Management Partners, Senior IT Consultant at Trusoft Limited and Consultant- Mobile Money at MTech Limited, He holds an MBA and a BSc in Electronics and Computer Engineering alongside various certifications and is Chief Executive Officer at COMENERGY.

MANAGEMENT TEAM

NONSO OKPALA

Group Managing Director/CEO, Nonso Okpala was previously the Chief Financial Officer (CFO) of Heirs Holdings. He is replete with vast experience in the Nigerian financial services industry garnered while working with reputable firms like KPMG, BGL and United Bank for Africa Plc (UBA). (ICAN).

NIVI ADENUBI

Adeniyi Adenubi is the Executive Director Governance, Government & Subsidiary Relations of VFD Group Plc. He has over 10 years of hands-on experience in Private Equity, Venture Capitalism and Financial Advisory. He also has a specific oversight on Corporate Governance. He has played Financial Advisory roles to numerous firms in Nigeria and in the United Kingdom, most notably with the Royal Bank of Scotland and ATOS Consulting.

JOHN OKONKWO

John is the Group Executive Director and Chief Operating Officer. He has several years' experience in Finance, Audit, Risk Management, Sustainability Services and Corporate Governance Services. He was the Chief Financial Officer at Heirs Holdings Limited and was previously the Head of Business Assurance & Compliance in the same company.

FOLAJIMI ADELEYE

Executive Director, Finance, Folajimi has experience spanning over 12 years in audit and advisory services, financial reporting, and financial management including set up of finance function for startup companies in the financial services industry.

OBIAAJUM CHIMBO

Obiaajum Chimbo leads the Risk Management and Compliance Unit. With 18 years of experience, working in different capacities in the financial sector, he was a member of a management program at Wharton, holds an M.Sc. in Economics, and B.Sc. in Mathematics from the University of Ibadan. Obi is a member of ACI (Treasury dealer certificate), a Certified Risk Specialist (CRS) and an FRM (Financial Risk Manager) Candidate.

EFETURI DOGHUDJE

Efeturi Doghudje leads, the Marketing and Corporate Communications Unit. She has over fourteen years of experience across broadcast media, advertising, banking, and civil service. Efeturi has an M.Sc. in Media and Communication Studies from the Pan Atlantic University, Lagos and is an associate member of the Advertising Practitioners Council of Nigeria (APCON); Chartered Institute of Public Relations (CIPR); and a member, International Association of Business Communicators (IABC).

DAMOLA ANDAH

Damola Andah is the Head, Human Resources at VFD Group Plc. She holds an M.A. in Human Resource Management from the University of Leeds Business School, Leeds, United Kingdom (2010) and a BSc. in Mass communication from Babcock University, Ilishan, Nigeria (2004).

She started her career in 2005 as an Operations Officer with Diamond Bank. In 2012, she joined First City Monument Bank on the Management Development Programme and went on to hold various roles which includes Human Resources Project Officer (2013), Performance and Talent Management Officer (2014), Senior Talent Management Officer (2015), Human Resource Business Partner, Lagos, and South West Regions (2017) and Head, Talent & Succession Programme Management (2019). Damola joined VFD Group Plc in 2020.

OLU SALAMI

Olu Salami heads the Strategy, Investment Management & Corporate Performance Unit. His experience spans across trade management, Strategy, Research and Development. Prior to joining VFD Group, he has worked in different capacities at First Bank PLC and Veritas Kapital. Olu has a B.Sc. in Economics from Bowen University.

USE OF PROCEEDS

USE OF PROCEEDS

The net proceeds from each issue of Notes will be used solely to support the Issuer's short term funding requirements, as part of its asset and liability management strategy or as may otherwise be described in the applicable Pricing Supplement.

SOURCE OF REPAYMENT

The repayment of all obligations under the Programme will be funded from the operating cash flows of the Issuer, unless otherwise specified in the Applicable Pricing Supplement.

REVISED CBN GUIDELINES ON THE ISSUANCES OF CPs

BACKGROUND

In July 2009, CBN suspended the use of Commercial Papers and Bankers Acceptances as off-balance-sheet instruments by banks and discount houses, citing concerns over abuse of their use as financing instruments. The ban was subsequently lifted on 16th November 2009. On 18th November 2009, CBN issued a circular on the Issuance and Treatment of Bankers to facilitate the effective and efficient functioning of the Nigerian money market and provide a regulatory framework for the issuance of CPs and BAs in Nigeria. An updated circular was subsequently issued on 11th September 2019.

REGULATORY FRAMEWORK

Issuance of CPs in Nigeria is subject to the provisions of the CBN Guidelines and FMDQ Exchange Rules. The provisions applicable to CPs are as highlighted below:

QUALIFICATION

A CP qualifies as a financing vehicle if:

- i. The issuer has three (3) years audited financial statements, the most current not exceeding eighteen (18) months from the last financial year end; and
- ii. The issuer has an approved credit line with a Nigerian bank acting as an issuing and paying agent, where the bank guarantees the issue.

SIZE AND TENOR

CPs shall be issued at the primary market for a minimum value of ₦100,000,000 (One Hundred Million Naira) and multiples of ₦50,000,000 (Fifty Million Naira), thereafter.

Furthermore, they shall be issued for maturities of between 15 (Fifteen) days and 270 (Two Hundred and Seventy) days, including rollover, from the date of issue. The discount element on maturing CPs may not be capitalised and rolled over.

RATING

Either the issuer of CP or the specific issue shall have an investment grade rating (minimum of BBB- or similar rating) by a rating agency registered in Nigeria or any international rating agency acceptable to the CBN.

An indicative rating should have been obtained prior to the submission of declarations and information to the CSD.

INVESTOR IN BANKER'S ACCEPTANCES AND COMMERCIAL PAPERS

CPs may be issued to and held by individuals, deposit money banks, other corporate bodies registered or incorporated in Nigeria and unincorporated bodies, non-resident Nigerians and foreign institutional investors.

Clean CPs (i.e., CPs not backed by a guarantee, or such other credit enhancement shall only be sold to Qualified Institutional Investors, and Eligible Investors. Eligible Investors seeking to invest in clean CPs shall first execute a declaration attesting to his/her/its eligibility in the manner/form prescribed in the FMDQ Exchange Commercial Paper Registration and Quotation Template Guide, or such other regulation as may be prescribed by FMDQ Exchange from time to time.

FORMS OF MAINTAINING CPs

Issuers and investors in CPs may issue or hold CPs in dematerialised or physical form. Issuers and investors are encouraged to issue and hold CPs in a dematerialised form.

ISSUING, COLLECTING AND PAYING AGENT

Only a deposit money bank or discount house (licensed by the CBN) that is a registered member of the FMDQ Exchange may act as an IPCA for the issuance of a CP.

GENERAL REQUIREMENTS

- i. CPs are only redeemable at maturity and as such cannot be pre-liquidated.
- ii. Investors may rediscount the paper with the Issuer before maturity at new market terms if the Issuer is willing to purchase the risk.
- iii. Any proposed issue of CPs shall be completed within the period of 2 (two) weeks from the date of opening of the issue for subscription.
- iv. All CPs issued in Nigeria shall be registered with the clearing system, which shall serve as the custodian of all issues and central depository for all dematerialised instruments.

MANDATORY REGISTRATION & QUOTATION

CBN Circular of 12 July 2016 on Mandatory Registration and Listing of Commercial Papers requires CPs to be registered and quoted on an authorised securities exchange. Accordingly, banks are prohibited from transacting in CPs (that are not quoted or intended for quotation on an authorised securities exchange), in any capacity whatsoever, including to act as issuer, guarantor, issuing, placing, paying, and collecting agent, etc.

The CBN having approved the quotation rules of FMDQ Securities Exchange Limited has cleared it for the quotation of CPs in Nigeria.

COMPLIANCE WITH THE CBN GUIDELINES AND FMDQ EXCHANGE RULES

The Issuer has complied with all applicable provisions as stated in the CBN Guidelines and FMDQ Exchange Rules. A legal opinion confirming adherence to the CBN Guidelines and FMDQ Exchange Rules is incorporated on page 46 of this Programme Memorandum.

COMPLIANCE WITH SECURITIES REGULATION

There is no obligation for the Issuer to register the Notes with the SEC. This is by virtue of Rule 8 of the SEC Rules, which exempt short-term securities (including notes) with maturity dates not exceeding 9 months from the date of issuance from registration with the SEC.

TERMS AND CONDITIONS OF THE NOTES

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. ISSUANCE OF NOTES

The Issuer may from time to time, subject to these Terms and Conditions, issue Notes in one or more Series on a continuous basis under the Programme in an aggregate outstanding principal amount not exceeding ₦20,000,000,000 (Twenty Billion Naira). Any Series of Notes issued under the Programme shall be constituted by, be subject to, and benefit from, the Deed of Covenant.

2. FORM, DENOMINATION AND TITLE

2.1 Form and Denomination

2.1.1 Unless otherwise specified in any Applicable Pricing Supplement, the Notes shall be registered electronically, serially numbered and denominated in a minimum amount of ₦5,000,000 (Five Million Naira) and integral multiples of ₦1,000 (One Thousand Naira) thereafter; and will be sold at such discount from their face amounts as shall be agreed upon by the IPA and the Issuer; and shall have a maturity not exceeding two hundred and seventy (270) days, including the roll over from the Issue Date.

2.1.2 The Notes issued under this Programme will be denominated in Naira.

2.1.3 Notes issued will be in the form of Zero-Coupon Notes and will not pay interest.

2.1.4 The Notes will be delivered to the IPA in dematerialised (uncertificated, book entry) form; shall be registered with the CSD, which shall serve as the custodian and central depository of the Notes; and the IPA may deal in the Notes in accordance with Central Securities depository procedures and guidelines.

2.2 Title

2.2.1 Title to the Notes will pass upon credit to the CSD account of the Noteholder.

2.2.2 Transfer of title to Notes shall be effected in accordance with the rules governing transfer of title in securities held by the CSD.

2.2.3 The Issuer and the IPA/CPA may deem and treat the registered holder of any Note as indicated in the records of CSD and the Register as the legal and beneficial owner thereof for all purposes, including but not limited to the payment of outstanding obligations in respect of the Notes, and no liability shall attach to any person for such a determination.

3. STATUS OF THE NOTES

The Notes shall constitute a direct, unconditional, unsubordinated and unsecured obligation of the Issuer and the Notes shall rank *pari passu* among themselves and, save for certain debt obligations mandatorily preferred by law, *pari passu* with all other present and future secured and unsubordinated obligations of the Issuer outstanding from time to time.

4. REDEMPTION

Subject to Condition 6 (*Event of Default*), the Notes are only redeemable at maturity and will be redeemed at the Face Value specified in the Applicable Pricing Supplement in accordance with the provisions of Condition 5 (*Payments*) below.

5. PAYMENTS

The Face Value of the Notes will be paid to the Noteholders whose names are reflected in the Register as at the close of business on the applicable Relevant Date(s). The registered Holder shall be the only person entitled to receive payments in respect of a Note and the Issuer will be discharged from any further obligations or liability upon payment to, or to the order of, the registered Holder in respect of each amount so paid.

5.1 Method of Payments

- 5.1.1 Payment of the outstanding obligation in respect of the Notes will be made by electronic funds transfer, in Naira to the account of the Noteholder specified in the Register.
- 5.1.2 All monies payable in respect of the Notes shall be paid to or to the order of the Noteholders by the Collecting and Paying Agent. Noteholders shall not be required to present and/or surrender any documents of title to the Collecting and Paying Agent.
- 5.1.3 In the case of joint Noteholders, payment by electronic transfers or cheque will be made or addressed to, as the case may be, the account of the Noteholder first named in the Register. Payment by electronic transfer to the Noteholder first named in the Register shall discharge the Issuer of its relevant payment obligations under the Notes to such joint Noteholders.
- 5.1.4 In the case of Notes held by a nominee, the nominee shall be paid as the registered Noteholder.
- 5.1.5 Neither the Issuer nor its agents shall be responsible for any loss in transmission of funds paid in respect of each Note.
- 5.1.6 If the Issuer or the CPA 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, Government interference or control or any other cause or contingency beyond the control of the Issuer), the Issuer or the CPA shall make such payment by cheque (or by such number of cheques as may be required in accordance with applicable banking law and practice) and the Issuer and the CPA shall not be responsible for any delay arising from making such payment by cheque. Such payments by cheque shall be sent by post through a reputable and registered courier operator to the address of the Noteholder as set out in the Register as soon as practicable to ensure payment is received as close to the Relevant Date as possible.
- 5.1.7 Cheques may be posted by registered mail, provided that neither the Issuer nor the CPA shall be responsible for any loss in transmission and the postal authority shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this condition.

5.2 Payment Day

Any payment in respect of the Notes shall be made on a Business Day. Where the day on or by which a payment of any amount in respect of the Notes is due to be made is not a Business Day, that payment shall be made on or by the next succeeding Business Day, unless that next succeeding Business Day falls in a different calendar month, in which case that payment shall be made on or by the immediately preceding Business Day. The Noteholder shall not be entitled to any interest, return or other payment in respect of any delay in payment.

5.3 Closed Periods

No Noteholder may require the transfer of the Notes (i) during the period of five (5) days ending on the Redemption Date; or (ii) following the issuance of a default notice to the Issuer

pursuant to Condition 6.2 (*Action upon Event of Default*).

6. EVENT OF DEFAULT

6.1 Event of Default

An event of default in relation to the Notes (each an “**Event of Default**”) shall arise if any one or more of the following events shall have occurred and be continuing:

- 6.1.1 Subject to Condition 5.1.6 above, if the Issuer fails to make payment in full by the Relevant Date save for where such failure is as a result of an administrative or technical error and payment is made within ten (10) Business Days of the Relevant Date; or
- 6.1.2 In line with section 9.8 of the FMDQ Exchange Rules, in respect of any Tranche or Series, if the Issuer fails to notify FMDQ Exchange (through the IPA) that the Notes have been liquidated and funds have been transferred to all Noteholders by 4:00pm on the Redemption Date
- 6.1.3 If the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for a period of thirty (30) days following the service on the Issuer of a written notice requiring that breach to be remedied; or
- 6.1.4 Should any representation or warranty made in connection with any documentation supplied by the Issuer in connection with the Programme be in the reasonable opinion of the Arrangers materially incorrect or materially misleading; or
- 6.1.5 If the Issuer initiates bankruptcy or insolvency proceedings or becomes insolvent, or is provisionally or finally sequestrated, or is provisionally or finally wound up, or is unable to pay its debts as they become due, or is placed under provisional or final judicial management, or enters into a scheme of arrangement or compromise with its creditors 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
- 6.1.6 Should an order be made, or the members of the Issuer pass a resolution for the winding up of the Issuer or the Issuer ceases, or through an official action of its Board threatens to cease, to carry on all or a substantial part of its business or operations; or
- 6.1.7 Any event occurs that may have a material adverse effect on the Issuer’s business, financial condition or assets, or its ability to perform its obligations under the Issue; or
- 6.1.8 If an attachment, execution or other legal process is levied, enforced upon, issued on or against a material or substantial part of any assets of the Issuer and is not discharged or stayed within ninety (90) days of service by the relevant officer of the court of such attachment, execution or other legal process; or
- 6.2 If a writ of execution is issued by any competent court attaching any material or substantial part of the assets belonging to the Issuer and such remains unsatisfied for more than ten (10) Business Days after the date on which it is issued. *Action upon Event of Default.*
- 6.2.1 Upon the occurrence of an Event of Default and such Event of Default 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 if 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.
- 6.2.2 Upon the occurrence of an Event of Default which results in the inability of the Issuer to make a payment on the Relevant Date, the Issuer shall pay the Noteholders interest at the Default

Rate until the debt obligations to the Noteholders have been settled in full.

- 6.2.3 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.

7. REGISTER

- 7.1** The Register shall be maintained by the CPA/CSD. 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.
- 7.2** Statements issued by the CSD as to the aggregate number of Notes standing to the CSD account of any person shall be conclusive and binding for all purposes save in the case of manifest error and such person shall be treated by the Issuer and the CPA as the legal and beneficial owner of such aggregate number of Notes for all purposes.
- 7.3** The Register shall be open for inspection during the normal business hours of the CPA/CSD to any Noteholder or any person authorised in writing by the Noteholder.
- 7.4** The CPA/CSD 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 Terms and Conditions.

8. NOTICES

8.1 Notices to the Noteholders

- 8.1.1** All notices to the Noteholders will be valid if mailed to them at their respective addresses of record in the relevant Register of Notes of a Series maintained by the CPA. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of the CBN, the Exchange, the CSD or such other regulatory authority as may be applicable to the Notes.
- 8.1.2** 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.

8.2 Notices from the Noteholders

- 8.2.1** Notices to be given by any Noteholder to the Issuer shall be in writing or via electronic mail and given by lodging the same with the Issuing and Placing Agents at their registered or specified office.
- 8.2.2** Any change of name or address on the part of the Noteholder shall forthwith be notified to any of the Issuing and Placing Agents who shall inform the CSD to effect the change in the Register.

9. MODIFICATION

- 9.1** The IPA and the Issuer may agree without the consent of the Noteholders, to any modification of the Terms and Conditions which is of a formal, 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 IPA is not prejudicial to the interest of the Noteholders. Notice of such modification shall be published in at least one daily newspaper of general circulation in Nigeria and shall be deemed to have been given and received on the date of first publication.
- 9.2** Save as provided in Condition 9.1 above, no amendment of the Terms and Conditions may be effected unless:
- 9.2.1 such amendment is in writing and signed by or on behalf of the Issuer; and
 - 9.2.2 such amendment:

9.2.2.1 if it affects the rights, under the Terms and Conditions, of all the Noteholders, is signed by or on behalf of Noteholders, holding not less than seventy-five percent (75%) of the outstanding Principal Amount of all the Notes; or

9.2.2.2 if it affects only the rights, under the Terms and 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 seventy-five percent (75%) of the outstanding Principal Amount of all the Notes held by that group.

9.3 Any such modification shall be binding on the Noteholders and shall be notified to the Noteholders in accordance with Condition 8 as practicable thereafter.

10. MEETING OF NOTEHOLDERS

10.1 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 terms of Condition 8 (*Notices*). Such Notice shall specify the date, place, agenda and time of the meeting to be held, which place shall be in Nigeria.

10.2 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.

10.3 Noteholders holding not less than ten percent (10%) in Principal Amount of the outstanding Notes 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) Business Days of such a request being received by the Issuer, the Noteholders requesting the meeting may convene such a meeting.

10.4 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 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 meetings of the Noteholders.

10.5 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 meetings of the Noteholders.

10.6 Any Proxy or Representative appointed shall, so long as the appointment remains in force, be deemed for all purposes in connection with any meeting or proposed meetings 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.

10.7 The Chairman of the meeting shall be appointed by the Issuer. The procedures to be followed at the meeting shall be as determined by the chairman subject to the remaining provisions of this Condition 10. Should the Noteholders requisition a meeting, and the Issuer fails to call such a meeting within ten (10) 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.

10.8 At any meeting of Noteholders, two or more Noteholders present in person, by representative or by proxy, holding in aggregate not less than one-third of the Principal Amount of outstanding Notes shall form a quorum. 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.

10.9 If 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, two (2) or more Noteholders present or represented by proxy holding in aggregate not less than one-third of the Principal Amount of outstanding Notes shall form a quorum and shall have the power to pass any resolution and to decide upon all matters which could properly have been dealt with at the original meeting had the requisite quorum been present.

10.10 A resolution in writing duly signed by seventy-five percent (75%) of the Noteholders holding in aggregate not less than seventy-five percent (75%) of the Principal Amount of outstanding Notes, shall be as effective for all purposes as a 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.

11. CHANGE OF CPA

11.1 The Issuer is entitled to vary or terminate the appointment of the CPA and /or appoint additional or other CPAs and/or approve any change in the office of the CPA through which any CPA acts, provided that there will at all times during the subsistence of the Programme, be a CPA with an office.

11.2 The CPA 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. TAXATION

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.

13. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders to issue further Notes under the Programme.

14. GOVERNING LAW

14.1 The provisions of the Programme Memorandum and the Notes are governed by and shall be construed in accordance with the laws of the Federal Republic of Nigeria. The Nigerian Courts shall have exclusive jurisdiction to settle any dispute arising out of or in connection with the Programme Memorandum and the Notes.

TAX CONSIDERATIONS

The tax consequences of investments in the Notes are briefly summarised below. The summary is not intended and should not be construed, to be tax advice to any particular subscriber. 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 advisers shall be liable to any subscriber in any manner for placing reliance upon the contents of this section.

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 Noteholders. However, the discount on the Notes may be taxed in accordance with applicable Nigerian tax laws.

The foregoing general summary 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, its tax advisers or the Arranger on the tax consequences attached 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, its tax advisers nor the Arranger shall be liable to any subscriber in any manner for placing reliance upon the contents of this section.

RISK FACTORS

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 THE COUNTRY

a.) Economic Risk

The Nigerian economy is largely dependent on global oil prices and country's level of oil and gas production as the Oil sector remains a major contributor to the GDP. In addition, the Oil sector plays a central role in Nigeria's economy, as it accounts for a substantial portion of its export earnings. This dependence makes the Nigerian economy vulnerable to oil price fluctuations, as many economic sectors and state governments in Nigeria depend upon public spending and private consumption driven by oil revenues.

b.) Political Risk

The diverse political, religious and ethnic landscape in Nigeria has led to struggles for power between rival groups, which has consistently hindered the smooth governance of the country, especially as the country prepares for the 2023 elections. The risks related to political instability, continued criminal activities including banditry, kidnapping, security challenges as well as political and religious tensions in the country could adversely impact Nigeria's economy and by extension - the operations of C&I Leasing Plc.

c.) Foreign Exchange Risks

The Nigerian foreign exchange market has remained volatile following declines in foreign exchange reserves which was largely driven by the nation's low crude oil production and weakened participation of foreign portfolio investments. Further depreciation or devaluation of the Naira may negatively impact the Company's cost profile, considering the nature of its business.

RISKS RELATING TO THE ISSUER

- a) **Credit Risk:** Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligation. The Group is exposed to credit risk from its operating activities (financial assets and receivables), and from its financing activities, including deposits with banks and other financial institutions.
- b) **Liquidity Risk:** Liquidity risk is the risk that not enough cash will be generated from either assets or liabilities or outside sources to respond to the needs of customers. This occurs when the cushion provided by liquid assets is not adequate to meet outstanding obligations. Liquidity risk is strongly related to other financial risks such as credit risk and market risks, such as interest rate risk, security price risk, etc.
- c) **Market Risk:** Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include borrowings, deposits and FVOCI investments
- d) **Interest Rate Risk:** The Group is exposed to cash flow interest rate risk, which is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rate risk.
- e) **Operational Risk:** Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally acceptable standards of corporate behavior.

SETTLEMENT, CLEARING AND TRANSFER OF NOTES

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 dematerialized 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 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 Tranche of Notes will be issued, cleared and transferred in accordance with the Terms and Conditions and will be settled through Authorised Participants who will follow the electronic settlement procedures prescribed by CSD.

AUTHORISED PARTICIPANTS

The CSD will maintain a central securities account for Dealing Members (the "**Authorised Participants**") and each beneficial owner of the Notes is required to have a sub-account under the Authorised Participants. Noteholders 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 Kairos Capital Limited, Afrinvest Capital Limited, Emerging Africa Capital Advisory Limited, Quantum Zenith Capital & Investments Limited and any other Authorised Participant as duly 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 these 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 unique identifier for the registered CP, subject to receipt of CP registration fees from the Authorised Participant.
- v. The CSD will re-open the existing CP unique identifier for all tranches with same maturity dates, however, new unique identifier will be issued for tranches with different maturity dates.

CUSTODY AND DEMATERIALISATION

- i. An Authorised Participant with physical CP notes may decide to dematerialise CP(s) with the CSD by completing the relevant form.
- ii. All holders of CP notes must route these notes through the Authorised Participant who will then submit on the CSD authorised platform in dematerialized form.
- iii. Authorised Participants may also decide to keep the CPs in physical form with the CSD (subject to service agreement with CSD), acting as the Custodian for the issue.
- iv. Authorised Participants can also lodge the CP(s) electronically by using the CSD e-lodgement format.
- v. The Authorised Participants (or Lead Arranger) will advise the CSD, after dematerialisation or e-lodgement to transfer CPs to Noteholders' (or their custodians') accounts at the CSD before trading commences.

- vi. 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.
- vii. Cut-off time for e-lodgment of CPs is 10.00 a.m. on the day before the value date, and the CSD shall process the same within 24 hours of receipt.

REDEMPTION

- i. An Authorised Participant with physical CP notes may decide to dematerialise CP(s) with the CSD by completing the relevant form. No transactions or trades may be effected for any CPs two (2) working days prior to its maturity date as the register closes two (2) working days before the Maturity Date.
- ii. The 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) working 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 working day.

ROLL-OVER

- i. Every roll-over of a CP shall be treated or classified as a fresh/separate CP.
- ii. All CPs, including roll-overs shall not exceed 270 days (tenor) from the date of issue.
- 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 FMDQ Exchange and the Authorised Participants with the new CP unique identifier, subject to receipt of CP rollover fees from the Authorised Participants.
- iv. The CSD shall expunge the existing CP unique identifier from the system and replace with the new codes.

DEFAULT

- i. Where the Issuer is unable to repay the Noteholders and the CP will be in default status, the Collecting and Paying Agent shall notify the CSD, FMDQ Exchange, as well as the Noteholders, 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 the date which is one (1) Business Day before the Maturity Date.
- iii. The IPA shall notify FMDQ Exchange in writing that the CP has been liquidated and that funds have been transferred to all CP holders by 4:00PM on the Maturity Date, failing which the Issuer shall be deemed to be in default
- iv. In case of (i) above, the CP holdings must remain with the CSD until the Collecting and Paying Agent pays off the Noteholders and notifies the CSD and the FMDQ Exchange with evidence.
- v. Thereafter, the CSD will notify the public and expunge the CP from the CSD depository accordingly. CA 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. FMDQ shall submit the confirmed CP trade details on trade day in the specified format via the CSD authorised platform, based on the following settlement timelines:
Same Day Settlement: 12.30 p.m.
T+1 or T+2 Settlements: 3.00 p.m.
- iii. The CSD shall deliver securities and send confirmation of transfers via the CSD authorised platform by 2.00 p.m. on the settlement date to FMDQ Exchange and the Nigeria Inter-Bank Settlement System ("NIBSS") simultaneously. Authorised 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 FMDQ Exchange and CSD simultaneously.

- v. Transactions for standard settlement (T+2) shall stop five (5) Business Days before the Maturity Date. Therefore, the last applicable settlement shall be before close of business on the date which is three (3) Business Days before the Maturity Date.

REPORTING

- i. The CSD shall effect the transfer of CPs on the settlement date as advised by Authorised Participants or the FMDQ Exchange and keep records of consideration 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. Authorised Participants can visit the CSD website to ascertain its CP balances after each day's trade. This is available only to the institutions that subscribe to the CSD online 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

Transaction parties will be responsible for effecting the payment transfers via Real Time Gross Settlement, National Electronic Funds Transfer or any other transfer mode agreed by the transaction parties and recognised by the CBN.

FORM OF PRICING SUPPLEMENT



VFD GROUP PLC
RC: 829196

**Issue of up to ₦5,000,000,000 Series 1 Commercial Paper
Under its ₦20,000,000,000
Commercial Paper Issuance Programme**

This Pricing Supplement must be read in conjunction with the Programme Memorandum, dated [●] 2022 issued by VFD Group Plc in connection with its ₦20,000,000,000 Commercial Paper Issuance Programme, as amended and/or supplemented from time to time (the "Programme Memorandum").

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

This document constitutes the 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 Pricing Supplement. To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Programme Memorandum, the provisions of this Pricing Supplement shall prevail.

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

The document is not required to be registered with The Nigerian Exchange Limited or the Securities and Exchange Commission. 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.

LEAD ARRANGER



KAIROS
CAPITAL
RC: 1517636

JOINT ARRANGERS



AFRINVEST

RC: 1706693



**EMERGING
AFRICA**

RC: 1498096



RC: 150281

COLLECTING AND PAYING AGENT



United Bank for Africa
RC: 2457

THIS PRICING SUPPLEMENT IS DATED 13 OCTOBER 2022

SERIES 1 PRICING SUPPLEMENT

PARTIES

1.	ISSUER:	VFD Group PLC
2.	LEAD ARRANGER/IPA:	Kairos Capital Limited
3.	JOINT ARRANGER/IPA:	Afrinvest Capital Limited Emerging Africa Capital Advisory Limited Quantum Zenith Capital & Investments Limited
	ISSUING AND PLACING AGENTS:	Kairos Capital Limited Afrinvest Capital Limited Emerging Africa Capital Advisory Limited Quantum Zenith Capital & Investments Limited
4.	COLLECTING AND PAYING AGENT:	United Bank for Africa
5.	AUDITOR:	Deloitte & Touché
6.	CUSTODIAN:	Central Securities Clearing System PLC
7.	LEGAL COUNSEL:	Udo Udoma & Belo Osagie

PROVISION RELATING TO THE NOTES

8.	SERIES NUMBER:	1
9.	TRANCHE NUMBER:	N/A.
10.	PROGRAMME SIZE:	₦ 20,000,000,000
11.	AGGREGATE NOMINAL AMOUNT	[•]
12.	FACE VALUE:	₦ 5,000,000,000.00
13.	DISCOUNTED VALUE	₦ [•]
14.	NOMINAL AMOUNT PER NOTE:	₦ 1,000
15.	ISSUE PRICE:	[•]
16.	TENOR:	270 days
17.	MATURITY DATE:	[•]
18.	FINAL REDEMPTION AMOUNT:	[•]
19.	SPECIFIED DENOMINATION/CURRENCY	Nigerian Naira (₦)
20.	STATUS OF NOTES:	Each Note constitutes a direct, unconditional, senior and unsecured obligation of the Issuer, and the Notes rank pari passu among themselves and save for certain debts mandatorily preferred by law, pari passu with other present and future senior unsecured obligations of the Issuer outstanding from time to time

21.	FORM OF NOTES:	Dematerialized
22.	SOURCE(S) OF REPAYMENT	The repayment of all obligations under the CP issuance will be funded from the cash flows of VFD Group Plc.
23.	QUOTATION:	FMDQ Securities Exchange Limited
24.	TAXATION:	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 Note holders. However, the discount on the Notes may be taxed in accordance with applicable Nigerian tax laws
25.	METHOD OF OFFER:	Fixed Price Offer
26.	BOOK CLOSING PERIOD:	The Register will be closed from [•] 2022 until the Maturity Date

ZERO COUPON NOTES

27.	a. DISCOUNT RATE:	[•]
	b. IMPLIED YIELD:	[•]
	c. ANY OTHER FORMULA OR BASIS FOR DETERMINING AMOUNT(S) PAYABLE:	$PV = FV * (1 - (DR * t / \text{no. of days in the year}))$
28.	DAY COUNT FRACTION:	Actual / Actual (actual number of days in a month and actual number of days in a year)
29.	BUSINESS DAY CONVENTION:	Any day other than a Saturday, Sunday or a public holiday declared by the Federal Government of Nigeria, on which banks are open for business in Nigeria

PROVISION REGARDING REDEMPTION

30.	REDEMPTION/PAYMENT BASIS:	Redemption at par
31.	ISSUER'S EARLY REDEMPTION:	Not applicable
32.	ISSUER'S OPTIONAL REDEMPTION:	Not applicable
33.	OTHER TERMS APPLICABLE ON REDEMPTION:	Not applicable

GENERAL

34.	OFFER OPENS:	[•]
35.	OFFER CLOSES:	[•]
36.	ALLOTMENT DATE:	[•]
37.	NOTIFICATION OF ALLOTMENT:	All applicants will be notified through an email and/or by telephone of their allotment by no later than [•]
38.	ISSUE DATE:	[•]
39.	PAYMENT DATE:	[•]

- | | |
|--|--|
| <p>40. DETAILS OF BANK ACCOUNT(S) TO WHICH PAYMENTS ARE TO BE MADE IN RESPECT OF THE NOTES:</p> | <p>Bank Name: United Bank for Africa
 Acc No: [•]
 Bank Name: [•]
 Acc No: [•]</p> |
| <p>41. SETTLEMENT PROCEDURES AND SETTLEMENT INSTRUCTIONS:</p> | <p>Purchases will be settled via direct debit, electronic funds transfer (NIBSS, NEFT, RTGS etc.)</p> |
| <p>42. DELIVERY DATE:</p> | <p>The total amount received will be lodged with the Central Securities Depository no later than 1 month after the settlement date</p> |
| <p>43. ISSUER RATING:</p> | <p>DataPro (A)</p> |

SERIES 1 PRICING SUPPLEMENT

MATERIAL ADVERSE CHANGE STATEMENT

Except as disclosed in this document, there has been no significant change in the financial position of the Issuer since [•] and no material adverse change in the financial position or prospects of the Issuer since [•].

RESPONSIBILITY

The Issuer and its Board of Directors accept responsibility for the information contained in this 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 on this _____ day of [•] 2022

For and on behalf of

VFD Group Plc

Name

Capacity: Director

Who warrants his/her authority hereto

Name

Capacity: Director

Who warrants his/her authority hereto

AUDITOR'S COMFORT LETTER

2020-2021 Auditor's comfort letter



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VFD GROUP PLC
₦20 BILLION COMMERCIAL PAPER ISSUANCE PROGRAMME
REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS OF THE BOARD OF DIRECTORS OF
VFD GROUP PLC

Opinion

The accompanying summary of financial information on pages 42 to 44 which comprise the summary consolidated and separate statements of financial position as at 31 December 2020 and 31 December 2021, the summary consolidated and separate statements of profit or loss and other comprehensive income for the years ended 31 December 2020 and 31 December 2021 and the summary consolidated and separate statements of cash flows for the years ended, are derived from the audited financial statements of **VFD GROUP PLC** for the years ended 31 December 2020 and 31 December 2021 respectively.

In our opinion, the summary financial information derived from consolidated and separate financial statements of **VFD GROUP PLC** (the "GROUP") for the years ended 31 December 2020 and 31 December 2021 are consistent in all material respect with the financial statements in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act (CAMA) 2020, the Financial Reporting Council of Nigeria Act 2011 and Investment and Securities Act CAP S124 LFN 2007, circulars and guidelines issued by the Security and Exchange Commission and the Financial Reporting Council of Nigeria Act 2011.

Summary Financial Statements

The summary consolidated and separate financial statements do not contain all disclosures required by the International Financial Reporting Standards, Companies and Allied Matters Act (CAMA) 2020, and the Financial Reporting Council of Nigeria Act, 2011 applied in the preparation of the audited consolidated and separate financial statements of **VFD GROUP PLC**. Reading the summary consolidated and separate financial statements and the auditor's report thereon, therefore is not a substitute for reading the audited consolidated and separate financial statements and the auditor's report of **VFD GROUP PLC**.

The Audited Financial Statements and Our Report Thereon

In our opinion the summary of financial information derived from the audited consolidated and separate financial statements of **VFD GROUP PLC** for years ended 31 December 2020 and 31 December 2021 are consistent, in all material respects, with those consolidated and separate financial statements in accordance with the Companies and Allied Matters Act (CAMA) 2020.

Director's Responsibility for the Summary Financial Statements

The Directors are responsible for the preparation of the summary audited financial information for years ended 31 December 2020 and 31 December 2021 in accordance with the Companies and Allied Matters Act (CAMA) 2020, the Financial Reporting Council of Nigeria Act, 2011 and International Financial Reporting Standards.



List of partners and partner equivalents available on the website
 Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

**Auditors' Responsibility**

Our responsibility is to express an opinion on whether the summary financial statements are consistent in all material respects with the audited consolidated and separate financial statements based on our procedure, which are conducted in accordance with International Standards of Auditing (ISA 810 revised). "Engagement report on Summary Financial Statements".

A handwritten signature in black ink, appearing to read "Joshua Ojo".

Joshua Ojo

FRC/2013/ICAN/0000000849

Deloitte & Touche

Chartered Accountants

Lagos Nigeria



09 September 2022.

2019 Auditor's Comfort Letter



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+234 8034579236
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Ikoyi, Lagos.

Osogbo Office: Owode Osogbo, Osun State.

**VFD GROUP PLC
N20 BILLION COMMERCIAL PAPER ISSUANCE PROGRAMME.
REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENT
OF THE BOARD OF DIRECTORS OF VFD GROUP PLC**

Opinion

The accompanying summary of financial information on pages 12 to 73 which comprise the summary consolidated and separate statements of financial position as at 31 December 2019, the summary consolidated and separate statements of profit or loss and other comprehensive income for the year ended 31 December 2019 and the summary consolidated and separate statements of cash flows for the year ended are derived from the audited financial statement of **VFD GROUP PLC** for the year ended 31 December 2019.

In our opinion the summary financial information derived from consolidation and separate financial statements of **VFD GROUP PLC** (the "GROUP") for the year ended 31 December 2019 are consistent in all material respect with the financial statements in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act (CAMA) 2020, the Financial Reporting Council of Nigeria Act 2011 and Investment and Securities Act CAP S124 LFN 2007, circulars and guidelines issued by the Security and Exchange Commission and the Financial Reporting Council of Nigeria Act 2011.

Summary Financial Statements

The summary consolidated and separate financial statements do not contain all disclosures required by the International Financial Reporting Standards, Companies and Allied Matters Act (CAMA) 2020, and the Financial Reporting Council of Nigeria Act 2011 applied in the preparation of the audited consolidated and separate financial statements of **VFD GROUP PLC**. Reading the summary consolidation and separate financial statements and the auditor's report thereon, therefore is not a substitute for reading the audited consolidated and separate financial statements and the auditor's report of **VFD GROUP PLC**.

The Audited Financial Statements and Our Report Thereon

In our opinion the summary of financial information derived from the audited consolidated and separate financial statements of **VFD GROUP PLC** for year 31 December 2019 are consistent, in all materials respects with those consolidated and separate financial statements in accordance with the Companies and Allied Matters Act (CAMA) 2020.

Director's Responsibility for the Summary Financial Statements

The Directors are responsible for the preparation of the summary audited financial information for year ended 31 December 2019 in accordance with the Companies and Allied Matters Act (CAMA) 2020, the Financial Reporting Council of Nigeria Act 2011 and International Financial Reporting Standards.

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 consolidated and separate financial statements based on our procedure, which are conducted in accordance with International Standards of Auditing (ISA 810 revised). "Engagement report on Summary Financial Statements".



Olugbenga Odeyemi
FRC/2015/ICAN/00000010786
For: ATACOFF Services LLP
Chartered Accountants
Abuja, Nigeria
26 August 2022



HISTORICAL FINANCIAL INFORMATION OF VFD GROUP PLC

7.1 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2019	2020	2021
	¥'000	¥'000	¥'000
Interest and similar income	1,940,600	3,687,407	7,314,689
Interest and similar expense	(949,222)	(1,043,033)	(7,635,543)
Investment income	-	-	-
Net trading income	1,071,775	2,939,850	4,116,443
Net operating income	2,063,153	5,584,224	3,795,589
Other income	2,099,431	1,654,825	6,444,000
Share of profit of associate	-	-	217,769
Impairment of Financial assets	-	(659,587)	(515,646)
Impairment charge for credit losses	(764,115)	-	-
Net gains/(loss) on financial assets at fair value through profit or loss	-	74,531	-
Total Revenue	3,398,469	6,653,993	9,941,712
Personnel expenses	(722,760)	(1,033,921)	(1,964,120)
Other operating expenses	(1,127,307)	(1,277,416)	(3,408,957)
Depreciation and amortisation	(70,259)	(191,564)	(638,743)
Write back/(Impairment) allowance	-	(75,439)	-
Profit before income tax	1,478,143	4,075,653	3,929,892
Income tax expense	(237,589)	(726,360)	(780,077)
Profit for the year	1,240,554	3,349,293	3,149,815

STATEMENT OF FINANCIAL POSITION

	2019	2020	2021
	₦'000	₦'000	₦'000
ASSETS			
Cash and cash equivalents	1,461,325	4,490,804	3,881,378
Funds under Management	18,668,089	12,792,413	15,170,585
Investment in financial assets	6,305,682	25,899,754	33,819,494
Loans and advances			29,474,427
Investments in subsidiaries	-	-	-
Investment in associate	-	-	4,095,920
Property, plant and equipment	1,432,500	1,808,409	945,259
Operating Lease	-	-	134,637
Intangible assets	63,852	113,007	612,821
Other assets			-
Investment Property	137,365	6,080,258	4,571,669
Prepayments			-
Trade and other receivables	6,131,815	5,373,563	9,835,553
Statutory Deposit			1,780
Special Placement with CBN	10,000,000	25,000,000	-
Deferred tax assets	36,069	117,076	52,339
Goodwill			157,102
TOTAL ASSETS	44,236,697	81,675,284	102,752,964
LIABILITIES			
Managed funds	16,018,428	25,248,777	26,062,482
Borrowings	15,743,876	7,366,178	8,379,398
Other liabilities	6,204,954	29,068,807	25,408,320
Deposit Liabilities	-	9,285,817	25,820,007
Current tax liabilities	287,337	812,396	903,861
Deferred tax liabilities	-	12,630	-
TOTAL LIABILITIES	38,254,595	71,794,605	86,574,068
SHAREHOLDERS FUND			
Share capital	59,616	59,616	63,342
Share Premium	3,822,062	3,822,062	7,912,098
Retained earnings	1,406,457	4,199,113	5,772,476
Fair value gain/ loss reserves			1,190,422
Regulatory risk reserve	6,462	13,486	2,690
Non-Controlling Interest	768,894	966,023	1,387,611
Other reserves	(81,389)	820,379	1,040,679
TOTAL SHAREHOLDERS FUND	5,982,102	9,880,679	16,178,896
TOTAL LIABILITIES AND SHAREHOLDERS FUND	44,236,697	81,675,284	102,752,964

STATEMENT OF CASH FLOWS

	2019	2020	2021
	₦'000	₦'000	₦'000
Profit for the year	1,240,555	3,349,293	3,149,815
Adjustments for;			
Income tax recognized in profit or loss	237,589	726,360	780,077
Depreciation & Amortization	70,259	191,564	638,743
Dividend income on equity investments designated as FVTOCI	(636,478)	(64,504)	(90,142)
Write Back/Impairment losses recognized on amortised cost	(126,233)	-	
Gain on Disposal of PPE	-	-	(138,817)
Share of profit of Associate	-	-	(217,769)
Disposal of Investment property	-	-	(2,913,306)
Other non-cash items	-	-	-
	1,384,294	4,202,713	1,208,601
Movement in working capital			
Decrease/(increase) in trade receivables	(2,042,384)	758,253	(4,461,990)
Increase in managed funds	5,193,631	15,106,026	(1,564,468)
Increase/(Decrease) in managed funds	-		
Increase/(decrease) in loans and advances	-	-	(18,183,312)
Increase in deposit liabilities	-	9,285,817	16,534,189
Increase/ (decrease) in other liabilities	(815,368)	22,863,850	(3,660,487)
Cash generated from operations	3,121,572	52,216,659	(10,127,468)
Income taxes paid	(95,440)	(243,639)	(688,612)
Net cash generated by/(used in) operating activities	3,026,131	51,973,020	(10,816,080)
Cash flows from investing activities			
Purchase of investment property	-	(6,080,258)	(5,542,433)
Purchase of property and equipment	(62,178)	(670,414)	(826,673)
Proceeds on disposal of property and equipment	215	120,000	1,469,245
Proceeds on disposal of investment property	-	-	10,749,534
Purchase of intangible assets	(274)	(66,486)	(562,493)
Purchase of financial assets	(21,031,524)	(18,692,304)	(19,204,924)
Placement with CBN	(10,000,000)	(15,000,000)	25,000,000
Addition to operating lease	-	-	(1,185,168)
Investment in subsidiary	-	-	-
Investment in associates	-	-	(3,878,151)
Dividend income	636,478	-	-
Net cash generated by/(used in) investing activities	(30,460,265)	(40,389,462)	6,018,937
Cash flows from financing activities			
Dividend received	-	64,504	90,142

Dividend paid to owners of equity capital	(251,489)	(394,249)	(1,014,672)
Proceeds from share issue	-	-	4,093,763
Proceeds from borrowings	5,103,808	-	315,339
Bank overdraft	-	410,817	1,100,000
Repayment of borrowings	-	6,101,655	(402,119)
Net cash (used in)/generated by financing activities	4,852,319	6,182,727	4,182,453
Net increase/(decrease) in cash and cash equivalents	(22,581,814)	2,876,113	(614,689)
Effect of foreign exchange changes on cash	(1,037,915)	153,366	5,263
Cash and cash equivalents at beginning of period	25,081,054	1,461,325	4,490,804
Cash and cash equivalents at end of year	1,461,325	4,490,804	3,881,378

EXTRACT FROM ISSUER'S RATING REPORT

VFD GROUP

Long-Term Rating:

A

Short Term Rating: A2

Rating Outlook: Stable

Trend: UP

Currency: Naira

Date issued: 2 Feb., 2022

Valid Till: 1 Feb., 2023

Reference:

Abiodun Adeseyoju, FCA.

Abimbola Adeseyoju

Oladele Adeoye

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

EXECUTIVE SUMMARY

	2020 ₦	2019 ₦	2018 ₦	2017 ₦	2016 ₦ M
Gross Earning	6,653,993	3,398,469	2,478,421	607,638	
Managed Fund	25,248,777	16,018,428	6,152,919	18,063,334	16,004,562
Investment	31,980,012	6,443,047	7,765,701	2,274,491	1,833,732
PBT	4,075,653	1,478,144	687,397	-60,624	
Total Asset	81,675,284	44,236,697	19,048,162	3,117,834	2,155,126
Equity	8,914,656	5,213,208	1,460,820	1,023,192	819,001

Rating Explanation

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

The Long-Term Rating of **A** indicates *Low Risk*. It shows Very Good Financial Strength, Operating Performance and Business Profile when compared to the standard established by *DataPro*. This Company, in our opinion, has a strong ability to meet its ongoing obligations.

RATING SYNOPSIS

The Rating took into consideration all relevant qualitative and quantitative factors to arrive at the assigned risk indicator.

The qualitative information used were based on industry and market intelligence including public information. The quantitative information was obtained from the Company's Audited and Management Accounts.

The risk factors were assessed using the Company's Capitalization, Earnings Profile, Liquidity, Corporate Governance, Regulatory Compliance and Sustainability of subject's current healthy profile in the medium to long term period.

Overall, the following were observed:

Strengths:

- Stable Management
- Diversified Earning Profile
- Strong Capitalization

Weakness:

- Regulatory Constraint

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

13th October 2022

KAIROS CAPITAL LIMITED

3rd Floor, Foresight House,
163/165, Broad Street, Marina,
Lagos Island,
Lagos.
(For and on behalf of the IPAs)

Dear Sirs,

**RE: NGN20,000,000,000.00 COMMERCIAL PAPER ISSUANCE
PROGRAMME ESTABLISHED BY VFD GROUP PLC**

We have acted as legal counsel in connection with the establishment of a ~~N~~20,000,000,000.00 (twenty billion Naira) Commercial Paper Issuance Programme (the “Programme”) by VFD Group PLC (the “Issuer”). The Programme is for the issuance of discounted and/or zero-coupon commercial paper notes with a minimum tenor of 15 days and a maximum tenor of 270 days (the “Notes”) in series and/or tranches and in an aggregate amount up to ~~N~~20,000,000,000 (twenty billion Naira) (across all tenors), being the maximum size of the Programme.

This opinion is issued pursuant to the Issuing and Placing Agency and Dealer Agreement dated 13th October 2022 between the Issuer and the Issuing and Placing Agents (the “IPAs”) (the “IPA Agreement”).

1. DEFINITIONS

- 1.1 Words and expressions used in this opinion (“Opinion”) and not otherwise defined herein shall have the same meanings attributed to those terms in the IPA Agreement.
- 1.2 The following terms, where used in this Opinion, shall have the meaning set out beside them below:

“Authorised Dealer” means a Nigerian bank licensed by the CBN to deal in foreign exchange;

“BOFIA” means the Banks and Other Financial Institutions Act, 2020

“Board” means the Board of Directors of the Issuer;

“CAC” means the Corporate Affairs Commission - Nigeria’s companies’ registry;

“CAMA” means the Companies and Allied Matters Act, No.3 2020;

“CBN” means the Central Bank of Nigeria;

“CBN Guidelines” means:

- (a) the Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers issued by the CBN on 11th September 2019: and
- (b) the Letter from the CBN to all Deposit Money Banks and Discount Houses dated 12th July 2016 with respect to the Mandatory Registration and Listing of Commercial Paper;

“CCI” means a Certificate of Capital Importation issued by an Authorised Dealer;

“CITA” means the Companies Income Tax Act (Chapter C21) LFN 2004 (as amended by the Companies Income Tax (Amendment) Act, No.11, 2007 and the Finance Act 2019, Finance Act 2020 and Finance Act 2021);

“Collecting and Paying Agency Agreement” means the Collecting and Paying Agency Agreement dated 13th October 2022, between the Issuer and United Bank for Africa PLC

“Court” means the Federal High Court;

“CP Rules” means the Commercial Paper Registration and Quotation Rules issued by the FMDQ Exchange in April 2021 (as may be amended from time to time) or such other regulations with respect to the issuance, registration and quotation of commercial paper as may be prescribed by FMDQ Exchange from time to time;

“Deed of Covenant” means the Deed of Covenant executed by the Issuer on 13th October 2022;

“FEMM Act” means the Foreign Exchange (Monitoring and Miscellaneous provisions) Act Cap F34 LFN 2004;

“FIRS” means the Federal Inland Revenue Service;

"FMDQ Exchange" means FMDQ Securities Exchange Limited, a securities exchange and self-regulatory organisation licenced by the SEC to provide a platform for, *inter alia*, the listing, quotation, registration and trading of securities;

"ISA" means the Investments and Securities Act No. 29, 2007;

"Issuing and Placing Agents or "IPAs"" means Kairos Capital Limited, Afrinvest Capital Limited, Emerging Africa Capital Advisory Limited, and Quantum Zenith Capital and Investments Limited;

"Lead IPA" means Kairos Capital Limited,

"LFN 2004" means the Laws of the Federation of Nigeria 2004;

"NGN" means the Naira, the official currency of Nigeria;

"Nigeria" means the Federal Republic of Nigeria;

"Opinion Documents" mean the documents listed in paragraphs (a) to (l) of paragraph 3.1 below;

"PITA" means the Personal Income Tax Act (Chapter P8) LFN 2004 (as amended by the Personal Income Tax (Amendment) Act, No.20, 2011, the Finance Act 2019, Finance Act 2020 and Finance Act 2021);

"Searches" means the searches conducted on the corporate records of the Issuer at the CAC on 12th October 2022 and at the Lagos Division of the Court in Ikoyi on 23rd June 2022 with respect to whether any insolvency has been filed against the Issue

"SEC" means the Securities and Exchange Commission;

"SEC Rules" mean the SEC Rules and Regulations 2013 (as amended from time to time) issued pursuant to the ISA;

"Stamp Duties Act" means the Stamp Duties Act (Chapter S8) LFN 2004 (as amended by the Finance Act 2019, Finance Act 2020, and Finance Act 2021);

"Status Report" means the Issuer's Status Report certified by the CAC dated 12th October 2022;

“Transaction Documents” means the documents listed in paragraphs (h) to (l) of paragraph 3.1 below; and

“VAT Act” means the Value Added Tax Act (Chapter V1) LFN, 2004 (as amended by the Value Added Tax (Amendment) Act No. 12 of 2007 and the Finance Act 2019, Finance Act 2020, and Finance Act 2021).

2. SCOPE OF OPINION

- 2.1 This Opinion is limited to Nigerian law applicable in Nigeria as at the date of this Opinion and is provided on the basis that the Opinion will itself be governed by, and construed in accordance with, Nigerian law. We express no opinion on any laws, procedures, matters or other circumstances relating to jurisdictions other than Nigeria. This Opinion is given on the best of our knowledge and is given as at the date of this Opinion based on the information and documents set out in paragraph 3 below.
- 2.2 Except for the Searches, we have not carried out any investigation or verification of the facts, or the reasonableness of any assumption or statement of opinion (including as to the solvency of any other person expressed to be a party to the Transaction Documents or any other person), contained in the Transaction Documents or in determining whether any material fact has been omitted therefrom.
- 2.3 In providing this Opinion, we assume no obligation to update or supplement the Opinion to reflect any facts or circumstances which may come to our attention after the date of this Opinion or changes in law and regulations which may occur or take effect after the date of this Opinion.
- 2.4 We have made no searches or enquiries concerning any person at the Court or at the CAC (other than the Issuer) or on any corporate records of a person (other than that of the Issuer) nor have we examined any other documents other than the Opinion Documents.

3. DOCUMENTS EXAMINED

- 3.1 In arriving at the opinions expressed below, we have reviewed and relied on the following documents:
 - (a) a copy of the amended memorandum and articles of association of the Issuer certified by the CAC on 10th May 2019;
 - (b) a copy of the Certificate of Incorporation of the Issuer dated 13th February 2019;

- (c) a copy of the Status Report;
 - (d) an extract of the resolution of the Board which was passed at a meeting of the Board held on 20th May 2022 by which the Board approved the establishment of the Programme and the issuance and offering of the Notes;
 - (e) the IPA Agreement dated 13th October 2022;
 - (f) the Collection and Paying Agency Agreement dated 13th October 2022;
 - (g) the Programme Memorandum dated 13th October 2022;
 - (h) the pro-forma final terms: and
 - (i) the Deed of Covenant dated 13th October 2022.
- 3.2 We have also reviewed and relied on such laws, rules and regulations as we have deemed necessary as a basis for the opinions expressed herein.

4. ASSUMPTIONS

In rendering the opinion below, we have assumed that:

- (a) in our examination of the Opinion Documents, the documents submitted to us as originals are authentic, that all signatures are genuine and that all documents submitted to us as copies are complete, correct and conform to the originals;
- (b) there are no contractual or similar restrictions binding on the Issuer which would affect the conclusions arrived at in this Opinion or affect the Issuer's ability to establish the Programme and to issue the Notes;
- (c) there are no contractual or similar restrictions contained in any agreement or arrangement (other than those in the Transaction Documents) that are binding on any party to such Transaction Document which would affect the opinions expressed herein;
- (d) all resolutions provided have been validly passed in accordance with the requirements of the law and the memorandum and articles of association of the Issuer and are in full force and effect and have

not been amended, modified, or superseded as at the date of this Opinion;

- (e) there have been no changes in the status of the company since the date of the Status Report and the Searches
- (f) no party has entered into any Transaction Documents in consequence of bad faith, fraud, coercion, duress misrepresentation or undue influence or on the basis of a mistake of fact or law or believing it to be fundamentally different in substance or in kind from what it is;
- (g) all approvals, consents and authorisations provided to us are genuine and authentic;
- (h) all statements as to matters of fact contained in the Transaction Documents are correct and not misleading other than to the extent that such statements relate to matters that we have specifically opined on in this Opinion and that all representations of facts expressed in or implied by the documents that we have examined are accurate;
- (i) no Notes will be issued with a tenor of more than 270 days or on the basis that the Notes may be rolled over after 270 days;
- (j) the Issuer has been rated in the manner required by, and in compliance with, the CBN Guidelines and the CP Rules;
- (k) the documents in the file of the Issuer held at the CAC are the most recent and up to date records of the Issuer;
- (l) no steps have been taken for the administration, bankruptcy, liquidation, dissolution or similar procedure of or in respect of the Issuer, and the Issuer is not insolvent within the meaning of the CAMA, after the dates of the Searches;
- (m) the copies of the Issuer's corporate documents which we have relied on are in full force and effect and have not been amended, modified, or superseded as at the date of this Opinion;
- (n) the proceeds realized from the issuance of the Notes under the Programme will not cause any borrowing or similar limit binding on the Issuer from time to time to be exceeded or breached; and

- (o) there are no facts not disclosed to us by the Issuer which would affect the conclusions that we have arrived at in this Opinion.

5. OPINION

Based on our review of the Opinion Documents and the foregoing assumptions, and subject to the further qualifications set forth in paragraph 6 below, it is our opinion that:

5.1 Status

- (a) The Issuer is a public limited liability company, duly incorporated and validly existing under the laws of Nigeria with corporate authority, perpetual succession, capacity to own moveable and immovable properties and the ability to sue and be sued in its corporate name.
- (b) The Issuer is empowered by Article 22 of its articles of association to issue the Notes and to perform its obligations under the Transaction Documents.

5.2 Due Authorisation

- (a) The Transaction Documents and the performance of the Issuer's obligations thereunder, and the issue of the Notes, have been duly authorised by the Board, and the Transaction Documents have been duly executed and delivered, in each case, by the Issuer.
- (b) The Transaction Documents constitute, and the Notes (when issued) will constitute, legal, valid and binding obligations of the Issuer and are enforceable against the Issuer in accordance with their respective terms subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law and / or in equity).
- (c) The holders of the Notes that will be issued under the Programme will each be entitled to enforce the terms of the Deed of Covenant against the Issuer.

5.3 No Conflict

The execution, delivery and performance by the Issuer of its obligations under the Transaction Documents, and the issuance of the Notes pursuant to the Transaction Documents, will not conflict with, violate, contravene, or constitute a default under:

- (a) the memorandum and articles of association of the Issuer; or
- (b) any law or regulation in force in Nigeria and applicable to the Issuer.

5.4 Filings, Registrations or Consents

- (a) Save for the requirement to pay stamp duty on the Transaction Documents at the Stamp Duties Office of the FIRS and to file the Transaction Documents with FMDQ Exchange, it is not necessary under the laws of Nigeria that any document be filed, registered, recorded or notarised before or with any court, public office or other authority in Nigeria in order to ensure the legality, validity, enforceability and the admissibility in evidence of any of the Transaction Documents or the performance by the Issuer of its obligations under the Transaction Documents (including the issuance of the Notes).
- (b) subject to the qualification in paragraph 6.2 below, it is permissible for the Issuer to issue the Notes and invite investors to invest in the Notes pursuant to Section 67(1)(b) of the ISA.
- (c) The issuance of the Notes by the Issuer does not require SEC approval or registration with the SEC.
- (d) The Notes have been issued in compliance with the requirements of the CBN Guidelines and the CP Rules.

5.5 Taxation

- (a) The Issuer is incorporated in Nigeria. Under the CITA and the PITA, the Issuer has an obligation to withhold tax on interest payments to residents and non-resident companies and individuals and to remit the tax withheld to the FIRS except where such interest is specifically exempted from tax. 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.

- (b) Other than value added tax payable on the fees due to a selling or buying agent, the Noteholders will have no obligation under the VAT Act to pay value added tax on the buying or selling of the Notes. Any sale of Notes by a Noteholder (whether resident in Nigeria or non-resident) will give rise to a capital gains tax obligation at the rate of 10 per cent on the gain realised from a disposal of such Notes.
- (c) The Stamp Duties Act requires stamp duty to be paid, at the rates specified therein, on instruments executed in Nigeria “or relating, wheresoever executed, to any property situate or to any matter or thing done or to be done in Nigeria”, failing which payment on such instruments shall not be admissible in evidence in any civil proceedings.
 - (i) The Transaction Documents, being instruments executed in Nigeria or that relate to a matter or thing done or to be done in Nigeria, will be subject to the payment of stamp duty at the applicable rate. The applicable rate of stamp duty can only be confirmed following an assessment of the Transaction Documents by the Stamp Duties Commissioner.
 - (ii) Stamp duty must be paid within 30 (thirty) days after the execution of the Transaction Documents except where they are executed outside Nigeria, in which case stamp duty must be paid within 30 (thirty) days after the date that the documents are first brought into Nigeria.
 - (iii) The Notes, when issued, will be liable to ad valorem stamp duty at the rate of NGN00.05 (five kobo) on every NGN50.00.

5.6 Foreign Currency Regulations

- (a) Under Nigerian law, residents and non-residents of Nigeria may invest in, acquire, deal in or dispose of the Notes.
- (b) Pursuant to Section 15 of the FEMM Act, an investor is permitted to bring foreign exchange into Nigeria to invest in the Notes and such an investor is entitled to obtain a CCI from the relevant Authorised Dealer through which such foreign capital was brought into Nigeria.

- (c) A CCI serves as evidence that foreign currency has been inflowed into Nigeria through an Authorised Dealer and converted into Naira to invest in securities, such as the Notes. A CCI will permit a non-resident Noteholder to have access to the official foreign exchange market to repatriate proceeds from the Notes, subject to providing appropriate documentation. Based on the CCI, such money may be repatriated out of Nigeria without restriction and without the need to obtain any consent, approval, licence, or permission of any person or authority other than the routine approval of the Authorised Dealer through which the foreign currency will be repatriated.
- (d) Where an investor brought foreign capital into Nigeria to invest in the Notes and does not obtain a CCI, such an investor will not be permitted to access the official foreign exchange market to repatriate the proceeds from that investment.

5.7 Ranking of Claims

The obligations of the Issuer under the Transaction Documents rank at least pari passu with all other present unsecured and unsubordinated obligations of the Issuer subject to the effect of applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

5.8 Governing law and Dispute Resolution

- 5.8.1 The parties' choice of Nigerian law as the governing law of the Transaction Documents will be upheld and applied by the courts in Nigeria.
- 5.8.2 The submission to arbitration by the parties would be upheld by a Nigerian court because parties are permitted under Nigerian law to choose arbitration as a means of settling their disputes. Nigerian law also permits parties to choose the seat and governing rules of the arbitration.

5.9 Immunity and Set Off

Neither the Issuer nor any of its assets are entitled to immunity on the grounds of sovereignty or otherwise from any legal action or proceeding (which shall include, without limitation, suit, attachment prior to judgment, execution or other enforcement).

5.10 Winding-up

- (a) Subject to the qualification in paragraph 6.5 below, based on our Searches, we confirm that as at that date, no documents had been filed at the CAC, and no proceedings had been initiated at the Lagos Division of the Court, for the administration, winding up, bankruptcy, liquidation, dissolution, or similar procedure of or in respect of the Issuer.
- (b) Subject to bankruptcy and insolvency laws generally applicable to Nigerian companies, in bankruptcy or insolvency proceedings involving the Issuer, the obligations of the Issuer under the Transaction Documents will remain valid, binding and enforceable. Upon the commencement of winding-up proceedings against the Issuer at the Court, no attachment or execution can be levied against its assets.
- (c) Subject to bankruptcy and insolvency laws generally applicable to the Issuer, upon the maturity of the Notes, in the event that the Issuer is unable to discharge all of its obligations to the Noteholders, the Noteholders (as creditors of the Issuer) are entitled to apply for the winding up of the Issuer on the ground of the Issuer's inability to pay its debts.
- (d) The Notes are neither secured nor guaranteed and the Issuer has created no security interests in favour of the Noteholders by the Transaction Documents and in the insolvency of the Issuer, Nigerian law would regard the Noteholders as unsecured creditors of the Issuer for all purposes.

5.11 Domicile, Residence

Under Nigerian law, an entity that is not incorporated in Nigeria will not, by reason of its purchase of the Notes, and enforcing its rights thereunder be:

- (a) required to be incorporated in Nigeria or be required to comply with any requirement as to foreign registration or qualification in Nigeria;
- (b) required to make any filing with any court or other agency in Nigeria prior to any enforcement of the Transaction Documents (including the Notes); or
- (c) deemed to be resident, domiciled or carrying on business in Nigeria for tax or any other purpose and the performance by any party of any of its rights, duties, obligations or representations under the

Transaction Documents (including the Notes) will not violate any existing applicable law or regulation in Nigeria

6. QUALIFICATION

6.1 Enforceable

The expression “enforceable” as used in this Opinion means that the obligations of the Issuer under the Transaction Documents are of a type which the courts in Nigerian will enforce. It does not mean that those obligations will be enforced in all circumstances in accordance with their terms. In addition, but without limitation, the power of a Nigerian court to order specific performance of an obligation, to stay proceedings or to grant injunctive relief or any equitable remedy, is discretionary and, accordingly, we express no opinion as to whether such remedies would be available in respect of any of the obligations of the Issuer and a Nigerian court may make an award of damages where specific performance of an obligation or any other equitable remedy was sought.

6.2 Exemption from Registration with the SEC

Section 313(1) (h) of the ISA provides that the SEC may, from time to time, make rules and regulations for the purpose of giving effect to the ISA and may, in particular, make rules and regulations, among other things, prescribing that the provisions of the ISA shall not apply or shall apply with such modifications, if any, as may be specified in the regulations to any person or any securities or to any transaction. The SEC has on this basis, and by virtue of Rule 8 of the SEC Rules provided that the provisions of the ISA and the SEC Rules requiring registration shall not apply to, among other things, any note, bill of exchange or banker’s acceptance which arises out of a current transaction or the proceeds of which have been or are to be used for current transactions and which has a maturity, at the time of issuance, not exceeding 9 (nine) months exclusive of days of grace, or the maturity of which is likewise limited. This means that commercial papers which have a maximum tenor of 270 (two hundred and seventy) days (such as the Notes) are not required to be registered with the SEC.

6.3 Searches at the Federal High Court

- 6.3.1 There is no independent registry at which to confirm whether any steps have been taken to wind up the Issuer. Under Nigerian law, the Court has exclusive jurisdiction in matters relating to the insolvency of a Nigerian company. The CAMA provides that the division of the Court within whose

area of jurisdiction the registered office or head office of a company is situate shall have the jurisdiction to wind up that company. That notwithstanding, there is a possibility for an action for the winding up of the Issuer to be commenced in any of the divisions of the Court across Nigeria. Consequently, unless an exhaustive search is conducted in each division of the Court, it cannot be confirmed conclusively that no winding up petitions have been filed against the Issuer. The information regarding the commencement of matters in the Court are kept in physical files which are sometimes imperfectly kept.

- 6.3.2 Online searches are not available. Therefore, in order to ascertain that no such action has been instituted, it would be necessary to travel to each State and the Federal Capital Territory (many of which are between one and two hours flying distance from Lagos) to carry out a physical search of the hard copies of the Court's files in all the divisions. Accordingly, such physical searches are prone to errors and provide no guarantee that no such matters have in fact been commenced. The usual practice is to conduct a search in the division of the Court in which the company's registered office is located and this is the approach that has been adopted with respect to the Issuer because the Issuer has its registered office in Lagos State. Being the commercial centre of the country, a search in the Lagos State division of the Court does provide some level of comfort.

7. BENEFIT OF OPINION

- 7.1 This opinion is addressed to the Lead IPA and is given for the IPAs' sole benefit for the purpose of the transactions contemplated by the Transaction Documents.
- 7.2 This opinion is not to be relied upon by anyone else or quoted in any public document without our prior express written consent, other than those professional advisers or persons (such as auditors, legal advisers or insurers) who, in the ordinary course of their business, have access to the papers and records of the IPAs or are entitled by law to see them on the basis that such persons will make no further disclosure without our prior express written consent.
- 7.3 This Opinion may be included in the Programme Memorandum, and you may release a copy of this opinion (a) to the extent required by any applicable law or regulation; (b) to any regulatory authority having jurisdiction over you; or (c) in connection with any actual or potential dispute or claim to which you are a party relating to the issue of any Note, in each case for the purposes of information only on the strict

understanding that we assume no duty or liability whatsoever to any such recipient as a result or otherwise.

Yours faithfully,

A handwritten signature in blue ink, reading "Udo Udoma & Belo-Osagie". The signature is written in a cursive, flowing style.

UDO UDOMA & BELO-OSAGIE

OVERVIEW OF THE NIGERIAN ECONOMY

INTRODUCTION

The Federal Republic of Nigeria is in West Africa and has a total area of 923,768 km². With an estimated population of about 206.1 million in 2020, Nigeria is the largest country in Africa and accounts for 2.48% of the total world population and 51% of West Africa's population. Nigeria is also the largest economy in Africa, and the sub-Saharan. The Country has the tenth largest proven crude oil and natural gas reserves in the world. According to OPEC, Nigeria was rated as the tenth largest oil producing country globally as of 2020. In addition to other significant natural resources, Nigeria is also a significant exporter of cocoa, rubber, and cassava.

POLICIES & REFORMS

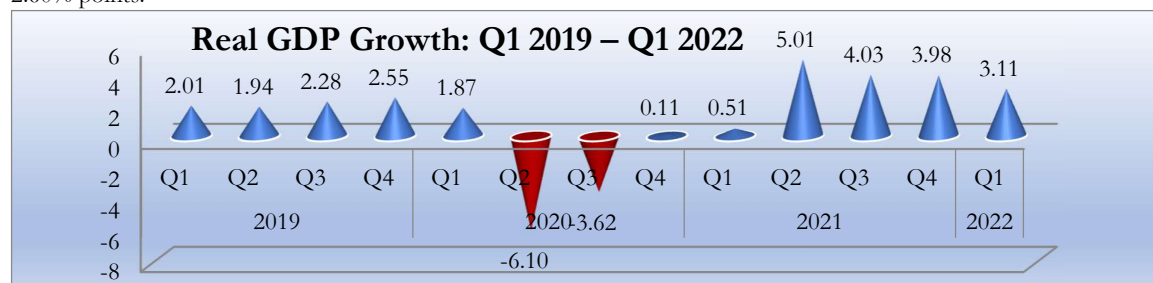
President Muhammadu Buhari was reported to have signed the National Minimum Wage Bill (which recommends ₦30,000.00 (Thirty thousand Naira) as the new national minimum wage) into law. To finance the expected increase in the personnel cost and douse the growing concern around debt sustainability in the country, the ministry of finance recently launched the Strategic Revenue Growth Initiative (SRGI) to bolster government revenue. As a follow-up, the finance bill, which seeks to review all tax Acts in Nigeria, was sent to the senate. More specifically, the finance bill was designed with the objective to reform domestic tax laws, promote fiscal equity, incentivize investments in infrastructure & capital markets, support small businesses and raise revenues for the Government, and was eventually passed into law on December 31, 2020, as the Finance Act 2020.

Also, the PIGB has now been re-passed by the National Assembly in accordance with the observations and recommendations of the president, who vetoed the bill in 2018 because of legislative drafting concerns. Accordingly, we expect the newly passed version of the bill to be given some level of consideration by the presidency this time around. Still on the bills, the 2021 Appropriation bill has been passed by the Senate, though it would still have to face the final hurdle of a Presidential assent. However, with the early passage of the bill, fiscal cycle in Nigeria is expected to revert to January to December unlikely the traditional July to June experienced for more than a decade now.

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

GROSS DOMESTIC PRODUCT (GDP)

In the First Quarter (Q1) of 2022, Nigeria's GDP increased by +3.11% (year-on-year) in real terms in the first quarter of 2022. Nominal GDP of Q1 2022 stood at ₦45.32 trillion in relation to ₦40.01 trillion of Q1 2021 while Real GDP was ₦17.35 trillion which indicated a growth of +13.25% YoY in nominal terms and +3.11% YoY increase in real terms. Relative to Q1 2021, nominal growth rate was higher by +1.00% points while real growth rate increased by 2.60% points.



FISCAL POLICY

Source: National Bureau of Statistics, Kairos Capital Research.

On December 31, 2020, President, Muhammadu Buhari signed the 2021 Appropriation Bill of ₦13,588,027,886,175 into law, following its passage by the National Assembly (NASS) on 21st December 2020.

The revised budgeted expenditure was ₦13.59 trillion, 4% (₦505billion) higher than the ₦13.08 trillion budgeted expenditure which the President presented to the National Assembly (NASS) in October 2020. The upward revision was based on the additional expenditure (mostly capital in nature) proposed by NASS earlier in December 2020. The revenue component of the proposed budget was not changed by the NASS.

President Buhari also signed the 2020 Finance Act which gave effective from 1 January 2021. The 2020 Finance Act, is expected to reform the ease of doing business, provide legal framework on crisis intervention, enable fiscal relief of the mass transit sector, reform public procurement and state the fiscal responsibility of government

The 2022 Budget showed a projected aggregate expenditure of ₦16.39 trillion with expected revenue of ₦10.138 trillion resulting in a deficit of ₦6.25 trillion for the 2022 fiscal year, which continued the trend of budget deficits. The budget deficit will be financed by new borrowings, privatization proceeds and drawdown on loans secured for specific projects.

The Key Parameters of the 2022 budget are;

- Crude oil production of 1.88 million barrels per day (2021: 1.86 million barrels per day) was estimated;
- An exchange rate of ₦410.15/\$1 was estimated;
- Gross Domestic Product (GDP) growth is projected to be 4.2%;
- The inflation rate was projected to be 13% in 2022 – the inflation rate is currently 17.71% as at May 2022;
- The oil price benchmark was fixed at \$57 per barrel, up from the \$40 per barrel approved in the revised 2021 budget.

MONETARY POLICY

The Monetary Policy Committee (MPC) met on the 23rd and 24th of May 2022 faced with cautious optimism for the recovery of both the global and domestic economies.

The committee noted that the sharp rise in inflation across both the advanced and emerging market economies has generated growing concerns among central banks as the progressive rise in inflation driven by rising aggregate demands and wage growth has put sustainable pressure on price levels.

Consequently, the major central banks such as the U.S. Fed, the Bank of England, the European Central Bank, and the Bank of Canada have provided strong guidance of a progressive shift away from monetary policy accommodation to drive market interest rate which may ultimately impact capital flows away from emerging market economies.

It is the first time in two and a half years that the policy-setting committee of the nation's financial regulator would increase the MPR

Based on the above considerations, the MPC made the decision to raise the key rate. six out of the 11 members of the committee voted to raise the key rate.

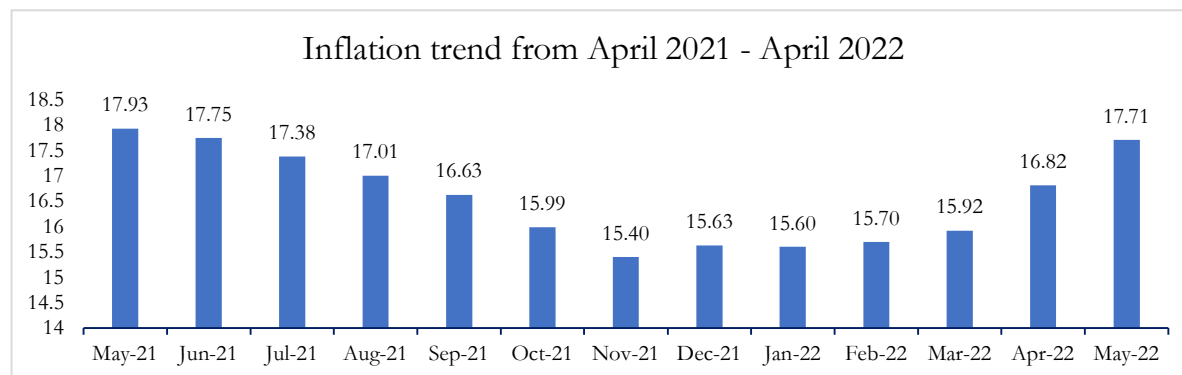
The Committee decided by a majority vote to:

- i. Retain the Monetary Policy Rate (MPR) at 13%;
- ii. Retain the asymmetric corridor of +100/-700 basis points around the MPR;
- iii. Retain the Cash Reserve Requirement (CRR) at 27.0%; and
- iv. Retain Liquidity Ratio at 30%.

INFLATION

Inflation rate began to trend upwards in November 2014 and persisted through 2015 following the devaluation of the naira. In 2015, inflation rate averaged 9.0% but the lingering problem of United States dollar scarcity made imports more expensive, which led to a spike in inflation to 18.55% at the end of 2016.

Inflation peaked at 18.7% in January 2018 and has been in double digits for three years. The Consumer Price Index (CPI) which measures inflation rose by 17.71% (year-on-year) in May 2022. This is 0.22% points lower than the rate recorded in May 2021 (17.93%). On month-on-month basis, the Headline index increased by 1.78 percent in May 2022. This is 0.02% points lower than the rate recorded in April 2022 (1.76%).



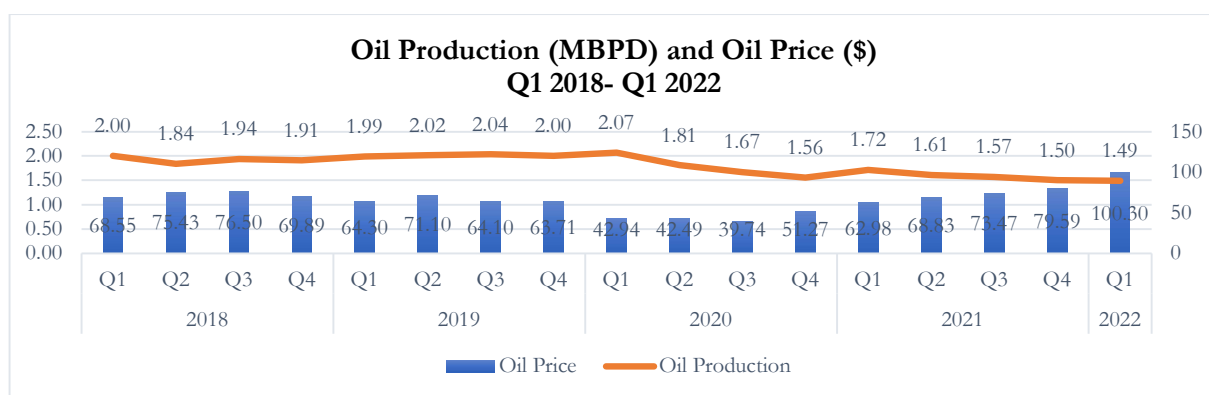
Source: National Bureau of Statistics, Kairos Capital Research.

OIL PRICES AND PRODUCTION

The Nigerian economy is highly impacted by oil and gas production, which accounted for 6.63% of GDP in Q1 2022. The fall in international oil prices, as a result of the Covid-19 pandemic in 2020, had a negative impact on Nigeria's formal economy. Oil, the property of the Nigerian government, provides more than 60% of government revenue. Further, sales, denominated in U.S. dollars, account for more than 90 percent of Nigeria's foreign exchange.

Nigeria's 2021 budget was based on an anticipated oil price of \$40 per barrel and proposed production volumes at 1.86 million barrels per day (mbpd). However, crude oil prices continued to rebound following the output cut by OPEC+ and other top oil-producing countries helped to reduce the supply glut in the market.

In Q1 2022, Nigeria recorded average daily oil production of 1.49 (mbpd). The production level was lower than the 1.72mbpd recorded in the same quarter of 2021 by -0.23mbpd and lower by -0.10 recorded in the fourth quarter of 2021.



Source: National Bureau of Statistics, Central Bank of Nigeria, Kairos Capital Research.

FOREIGN RESERVE

Nigeria's reserves have come under immense pressure in the wake of the slump in crude oil prices; external reserves dropped from \$37.33billion in June 2014 to \$28.28billion as at the end of 2015, a decline of 31.98% in 18 months. In 2016, reserves depleted by a further 15.83% to \$23.81billion in September but began a gradual recovery, thereafter, owing to talks on production cuts from OPEC. In December 2016, the cut was agreed to, and compliance enforced in January 2017. As a result, reserves rose to \$28.69billion in the first week of February, a 20.5% recovery from September lows and continues to rise, hitting US\$44.59 billion as at 16 March 2018 while oil prices have steadied around \$65 a barrel. By December 2017, foreign exchange reserves amounted to US\$38.7billion and rose to US\$45.17billion by the end of December 2018.

The COVID-19 crisis has led to falling foreign exchange reserves and major pressure on the Nigerian currency, the Naira. Nigeria's external reserve position went down by over \$9 billion from \$45.17 billion achieved in 2018. However, the foreign reserve has been increasing in recent times following the recent rise in prices of crude oil in the international market. According to the latest data obtained from the Central Bank of Nigeria (CBN), Nigeria's foreign exchange reserves now stand at \$38.57billion as at May 26, 2022, having reduced from \$39.68 billion as of April 26, 2022.

FOREIGN EXCHANGE

Nigeria operates a system of multiple exchange rates. These include the official exchange rate from the CBN, an interbank), another used by international money. In late 2015, the CBN pegged the local currency at roughly ₦200 Naira against the dollar until June 2016 when collapsing oil prices put pressure on the Naira, forcing the CBN to devalue it to about 307 Naira to one U.S. dollar and introduce measures to save it from sliding further. The Naira has been under pressure against other major currencies, particularly the dollar since the fall in oil prices and the outbreak of the COVID-19 pandemic. The CBN devalued the official exchange rate in March 2020 from ₦307/\$1 to ₦360/\$1 reacting to the fall in crude oil prices. Depreciation at the "market-determined" I&E window was 5% having moved from ₦360/\$1 to ₦380/\$.

In a bid to unify the exchange rates, the CBN devalued/adjusted the Naira on three occasions to ameliorate the pressure in 2020. The adjustments were also steps to bridge the gap between the official and parallel markets rates. On several occasions, these adjustments, coupled with lower FX inflows extended the gap in both markets. As at the end of November 2020, the USD/NGN rate in the parallel market stood at ₦495/\$1 from ₦361/\$1 at the beginning of the year. Most recently, the CBN had removed the exchange rate of ₦379/\$1 from its website homepage conforming with the bank's policy that the NAFEX rate is now the default reference exchange rate for official and legitimate transactions. The CBN has now replaced it with the NAFEX rate. As at May 26, 2022, the I&E rate was ₦415.72/\$1. Increasing demand for US Dollar, lower FX inflows and economic uncertainty are key factors that have pressured the exchange rate in Nigeria.

STATUTORY AND GENERAL INFORMATION

AUTHORIZATION

This CP Programme and Notes issued hereunder were approved by the resolutions of the Board of Directors of the Issuer dated 13 October 2022.

AUDITORS

Deloitte and Touche acted as auditors of the annual financial statements of the Issuer for the financial years ended December 31, 2019, December 31, 2020, and December 31, 2021, and were responsible for the audit, and issued unqualified reports.

COMMERCIAL PAPER OUTSTANDING

The Issuer has no commercial paper outstanding as at the date of this Programme Memorandum.

GOING CONCERN

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

LITIGATION

According to the Solicitors to the Transaction via the Opinion dated 13 October 2022 on the effect of all pending or contemplated claims by or against the VFD Group PLC.

From the review of the documents provided, there are no monetary claims against the VFD Group PLC.

MATERIAL CONTACTS

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

- i. The Deed of Covenant dated 13 October 2022 executed by the Issuer as a deed poll in favour of the Note holders;
- ii. The dealer agreement dated 13 October 2022 executed by the Issuer and the dealer
- iii. The Collecting and Paying Agency Agreement dated 13 October 2022 executed by the Issuer and the Collecting and Paying Agent; and
- iv. The Issuing and Placing Agency Agreement Dated 13 October 2022 executed by the Issuer and the Issuing and Placing Agent.

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.

TRANSACTION PARTIES

Issuer:	VFD Group PLC 1 st Floor, Foresight House, 163/165, Broad Street, Marina Lagos, Nigeria
Lead Arranger, IPA, Issuing and Placing Agents:	Kairos Capital Limited 2 nd Floor, Foresight House, 163/165, Broad Street, Marina Lagos, Nigeria
Joint Arranger, IPA, Issuing and Placing Agents:	Afrinvest Capital Limited 27 Gerrard Road, Ikoyi, Lagos Emerging Africa Capital Advisory Limited Emerging Africa Campus, 25A, Bourdillon Road Ikoyi, Lagos Quantum Zenith Capital & Investments Limited 12 th Floor, Plot 2, Ajose Adeogun Street, Victoria Island, Lagos
Collecting and Paying Agent:	United Bank for Africa UBA House, 57 Marina, Lagos State
Auditor to the Issuer:	Deloitte and Touche Civic Towers, Ozumba Mbadiwe Ave, Victoria Island Lagos
Solicitors:	Udo Udoma & Belo-Osagie 10 th , 12 th , 13 th Floors, Catholic Mission Street, Lagos Island, Lagos